CITY OF LONDON

Annual Report for the City of London Corporation Pension Fund

Year ended 31 March 2026

Scheme Registration No. PSTR00330366RQ

Annual Report for the City of London Corporation Pension Fund

Year ended 31 March 2026

For further copies or for more information please contact: The Chamberlain, City of London Corporation, Guildhall, PO Box 270, London EC2P 2EJ

Management and Financial Performance

MANAGEMENT AND FINANCIAL PERFORMANCE REPORT

For the year ended 31 March 2026

Scheme Registration Number:	PSTR00330366RQ
Administering Authority:	City of London Corporation Guildhall, P.O. Box 270 London EC2P 2EJ
Scheme Administrator:	Pensions Administration Service
Responsible Officers:	Caroline Al-Beyerty, CPFA LLB (Hons) Chamberlain of London & Chief Financial Officer Kate Limna (retired July 2026) Corporate Treasurer Graham Newman Pensions Manager - Administration Sarah Port Group Accountant – Investments and Treasury Management Amanda Luk Senior Accountant – Pensions
Actuary:	Barnett Waddingham LLP One Creechurch Place London, England, EC3A 5AF Website: *https://www.barnett-waddingham.co.uk/*

Pensions Committee:	Member:	Attendance (In person): (5 meetings)
	Deputy Timothy Butcher (Chairman)	5/5
	David Sales (Deputy Chairman)	3/5
	Alderman Simon Pryke (joined June 2025)	5/5
	Alderman Gregory Jones KC	1/5
	Deputy Christopher Boden	3/5
	Timothy James McNally (resigned October 2025)	2/5
	Stephen Hodgson (joined January 2026)	1/2
	Clare James (Independent Member)	5/5
Secretary to the Committee: Chris Rumbles		

Local Government Pensions Board (Advisory Board)	Member:	Attendance: (2 Meetings)
	Peter Lisley (Chairman)	2/2
	Mark Wheatley (Deputy Chairman) (resigned January 2026)	1/2
	David Pearson	1/2
	Christina McLellan	1/2
	Paul Wilkinson	2/2
Secretary to the Committee: Chris Rumbles		

Investment Managers:	Artemis Investment Management LLP Cassini House, 57 St James's Street, London SW1A 1LD Website: www.artemisfunds.com	Coller International Partner VII LP 33 Cavendish Square, London W1G 0TT Website: www.collercapital.com
	Aviva Investors Global Services Limited 80 Fenchurch Street, London EC3M 4AE Website: https://www.avivainvestors.com/en-gb	Crestview Partners LLC 667 Madison Avenue, New York, NY 10065 Website: www.crestview.com
	C WorldWide Fund Management SA Dampfaergevej 26 · DK-2100 Copenhagen Website: www.cworldwide.com	DIF Infrastructure IV Cooperatief U.A WTC Schipol Airport, Tower D, 10th Floor Schipol Boulevard 269, 1118 BH Schipol, Netherlands Website: www.dif.eu
	IFM Global Infrastructure (UK) LP 2 London Wall Place London EC2Y 5AU Website: www.ifminvestors.com	Environmental Technologies Fund Manager LLP 29 Queen Anne's Gate, London SW1H 9BU Website: etfpartners.capital
	JP Morgan Asset Management 25 Bank Street, Canary Wharf, London E14 5JP Website: https://am.jpmorgan.com	Exponent Private Equity LLP, 12 Henrietta Street, London WC2E 8LH Website: www.exponentpe.com
	London LGPS CIV Ltd 4th floor, 22 Lavington Street, London, SE1 0NZ Website: londonciv.org.uk/	Frontier Capital 525 N Tryon Street - Suite 1900 - Charlotte, NC 28202 Website: frontiergrowth.com
	M&G Investment Management Limited 10 Fenchurch Avenue, London EC3M 5AG Website: www.mandg.com	New Mountain Capital, LLC Seventh Avenue, 49th Floor, New York NY 10019 Website: www.newmountaincapital.com
	Ruffer LLP 80 Victoria Street, London SW1E 5JL Website: www.ruffer.co.uk	Aberdeen Capital Partners LLP 1 George Street, Edinburgh EH2 2LL Website: www.abrdn.com/en-gb
	Ares Management LLC 2000 Avenue of the Stars 12th Floor Los Angeles California 90067 Website: www.aresmgmt.com	Warburg Pincus LLC 450 Lexington Avenue, New York NY10017-3911 Website: warburgpincus.com

Custodian & Performance Measurement:	BNY 160 Queen Victoria Street London EC4V 4LA www.bny.com
Investment Consultant:	Mercer Ltd 1 Tower Place West, Tower Place London EC2R 5BU www.mercer.com
Bankers:	Lloyds Bank 25 Gresham Street, London EC2V 7HN www.lloydsbank.com
Legal Advisor:	Comptroller and City Solicitor City of London Corporation, Guildhall, P.O. Box 270, London EC2P 2EJ
AVC Providers:	The Prudential Assurance Company Limited, 5 Central Way, Kildean Business Park, Stirling, FK8 1FT www.pru.co.uk/rz/localgov/ Standard Life Assurance Ltd. 10 Brindleyplace, Birmingham, B1 2JB. www.standardlifepensions.com/lgps Utmost Life and Pensions Walton Street, Aylesbury, Buckinghamshire, HP21 7QW www.utmost.co.uk/
Independent Auditor:	Grant Thornton UK LLP 8 Finsbury Circus, London EC2A 1RR http://www.grantthornton.co.uk

Financial Performance

Introduction

The Fund account includes details of the contributions receivable by the Scheme and benefits payable. During 2025/26 there was a net inflow from dealings with members of £6.9m (2024/25: net outflow of £0.1m). Net returns on investments amounted to a gain of £104.4m (2024/25: gain of £37.8m) before investment management fees of £7.8m (£7.2m in 2024/25). Investment performance is discussed in the Investment Performance Report on page 57.

The net assets of the Fund as at 31 March 2026 amounted to £1,627.5m (31 March 2025: £1,525.3m). Within this figure, total investment assets were £1,597.3m (31 March 2025: £1,501.9m). Current assets were £32.3m (31 March 2025: £25.7m) whilst current liabilities amounted to £2.3m (31 March 2025: £2.5m). Further details are shown in the Pension Fund Accounts on page 24.

The Fund received contributions totalling £66.4m from employers and members during 2025/26 (2024/25: £60.3m). All contributions were received on time. The Pension Fund Accounts contain further details of the contributions received from employers and members (page 34).

The Pension Fund's financial performance against expectations (excluding profits and losses on the disposal of investments and changes in the value of investments) is shown in the next table. Net income for the year was £8.2m higher than originally expected and this was driven by a higher contributions and transfers payments received during the year than anticipated.

	2025/26 Estimate £m	2025/26 Actual £m	2025/26 Variance £m
Income			
Employer Contributions	(45.8)	(49.1)	(3.3)
Employee Contributions	(16.1)	(17.3)	(1.2)
Transfers In	(5.6)	(12.0)	(6.4)
	(67.5)	**(78.4)**	**(10.9)**
Expenditure			
Pensions payable	56.0	56.8	0.8
Retirement and death benefits	7.7	9.7	2.0
Payments to and on account of leavers	2.8	5.0	2.2
Management expenses	8.2	9.1	0.9
	74.7	**80.6**	**5.9**
Investment income	(27.9)	(31.1)	(3.2)
Net (Income)/Expenditure	**(20.7)**	**(28.9)**	**(8.2)**

The most recent full triennial valuation into the financial position of the Fund was carried out as at 31 March 2025, in accordance with regulation 77(1) of the Local Government Pension Scheme Regulations 1997. The funding level of the Fund decreased from 98% at March 2022 (the previous full triennial valuation) to 96% at March 2025. A summary of the funding position is provided on page 50.

Dealing with Scheme Members analysis

Contributions Receivable	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
Employers	(37.2)	(39.2)	(44.6)	(49.1)
Employees	(12.6)	(13.9)	(15.7)	(17.3)
Transfers In	(3.3)	(5.7)	(7.4)	(12.0)
Total Income	**(53.1)**	**(58.8)**	**(67.7)**	**(78.4)**

Benefits Payable	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
Pensions	45.5	50.7	54.6	56.8
Lump sum retirement benefits	7.3	6.0	7.2	8.1
Lump sum death benefits	0.4	1.7	1.6	1.6
Individual transfers out	3.0	5.5	4.1	4.8
Refunds to members	0.2	0.2	0.2	0.2
Total Expenditure	**56.4**	**64.1**	**67.6**	**71.5**

The Key Variances between 2024/25 and 2025/26 were:

- Employer Contributions and Employee Contributions increased by £4.5m and £1.6m respectively, this was largely due to the increase in the number of actives and pay increases during the year.

- Transfers In increased during the year, reflecting a higher number of new starters joining the scheme and scheme members choosing to transfer in benefits.

- Pension paid during the year increased by £2.2m as a result of increased pensioner numbers and increases in the annual pension payments which are linked to CPI.

Employer and Employee Contribution Rates

Employer contribution rates are set as part of the triennial valuation, of which the most recent took place on 31 March 2025. However, the rates applicable for 2025/26 were set at the 31 March 2022 valuation. Employer contributions need to be set at a level which ensures the Fund has enough money to pay member benefits. Employee contribution rates are based on employee salaries, with rates currently between 5.5% and 12.5% of pensionable pay. The employer and average employee contribution rates for each active employer as a percentage of pensionable pay, for 2025/26, is shown in the table below.

Employer	Employer Contribution Rate	Average Employee Contribution Rate
City of London	21.0%	6.7%
Irish Society	21.0%	6.8%
Museum of London	16.1%	6.6%
City Academy	17.1%	6.2%
London CIV	15.0%	8.2%
Veolia	21.0%	6.7%
Multi Academy Trust	17.1%	7.4%
Turning Point	21.0%	6.5%
Schools Plus Ltd	17.1%	5.8%

Late and Overdue Contributions

The Pension Fund Officers monitor employer performance including payment of contributions and submission of monthly returns. As part of this monitoring process, the Fund has the option to levy interest on overdue payments. For the year 2025/26, no payments were received late.

Pension Overpayments, Recoveries and Write Offs

The Pension Fund’s administration team monitors pension overpayments throughout the year. Due to time constraints and excess costs in relation to recovery, any pension payments valued at £10 or less are not chased.

The Pension Fund does attempt to recover overpayments above the £10 threshold, of which £15k was recovered in 2025/26 and £22k remains outstanding as at 31 March 2026.

Actions taken against Fraud

Policies and procedures are in place which are regularly reviewed to ensure risk of investment loss due to fraud is minimised, this is in addition to the regular review of the Pensions Committee Risk Register. There are strong governance arrangements and internal control in place in respect of the Pension Fund and Fund Managers have to provide annual statement of internal controls documentation.

The Pension Fund officers are not aware of any instances of fraud, credit losses, provisions, contingent liabilities, or impairments during the year.

The City of London Corporation invests the Fund in compliance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The Fund's Investment Consultant is Mercer Ltd and its Custodian is BNY (Bank of New York).

The Fund has undrawn investment commitments in infrastructure and private equity totalling £60.4m, or approximately 3.7% of the total Fund value at 31 March 2026. The Pension Fund outsources its Investment Management to external Managers, as at 31 March 2026, the below external Managers managed the Fund's investments as follows:

Pool	London LGPS CIV Ltd (Global Equity, Multi Asset Credit, Multi Asset, Corporate Bonds and Renewable Infrastructure Funds)#
UK Equity	Artemis Investment Management LLP
Property	Aviva Investors Global Services Limited M&G Investment Management Limited *
Infrastructure	IFM Global Infrastructure (UK) LP JP Morgan Asset Management (UK) Limited DIF Infrastructure IV Cooperatief U.A
Private Equity	Ares Management LLC (Private Equity) Coller International Partners (Private Equity) Crestview Partners LLC (Private Equity) Exponent Private Equity LLP (Private Equity) Frontier Capital (Private Equity) New Mountain Capital LLC (Private Equity) Arbdn Capital Partners LLP (Private Equity) Warburg Pincus PE (Private Equity)

Any surplus cash holding within the Pension Fund is managed internally.

#A proportion of the Pension Fund's investment assets are pooled with other London LGPS funds and managed by the London CIV, the regional pool operator for London. As at 31 March 2026 the Pension Fund had investments in eight funds operated by the London CIV: the 'LCIV Global Alpha Growth Fund', the 'LCIV Global Equity Value Fund', the 'LCIV Global Equity Quality Fund', the 'LCIV Passive Equity Progressive Paris Aligned Fund' (global equities), the 'LCIV ACF' (Alternative Credit Fund), the 'LCIV Absolute Return Fund', the 'LCIV Buy and Maintain Short duration', the 'LCIV Buy and Maintain Long duration' and the 'LCIV Renewable Infrastructure Fund'. The Pension Fund is also a shareholder in London LGPS CIV Ltd. *The M&G UK Residential Fund was formally moved under the management of the London CIV in July 2024.

Tax Status

The Scheme is a 'registered pension scheme' for tax purposes.

Membership of Outside Bodies

The City is a member of the Pensions UK (formerly Pensions & Lifetime Savings Association), the Local Authority Pension Fund Forum, and the London Investment Managers Forum, meetings and conferences of which are usually attended by officers and/or Members. The City has been a signatory to the Principles for Responsible Investment since December 2018.

Risk Management

Risks in relation to the Pension Fund are included within the overall consideration of risk within the Chamberlain's Department in accordance with the City of London Corporation's risk management framework. The risks relating to the Pension Fund's investments and administration are monitored and mitigated for separately, investment related risks were documented in the Pension Committee's risk register. Risks arising from financial instruments are also outlined in the notes to the Pension Fund Accounts (Note 15). The Funding Strategy Statement sets out the key risks, including demographic, regulatory, governance, to not achieving full funding in line with the strategy.

Internal assurance is obtained through regular oversight from the Corporation's internal audit function. The most recent internal audit of the Pension Fund's investment arrangements was undertaken in 2019/20 which provided a rating of "substantial assurance" indicating that there is a sound control environment with risks to system objectives being reasonably managed. The most recent internal audit of the Pension Fund's administration arrangements was undertaken in 2025/26 which also provided a "substantial assurance".

The Pension Fund makes use of third-party investment managers. Assurance over third party operations is also sought through the monitoring of annual internal control reports provided by investment managers. Officers maintain reconciliations to ensure information provided by investment managers is accurate and the Pension Fund's Investment Consultant continually reviews the activity of appointed investment managers.

The key risks identified within the Pensions Committee risk register, as updated in February 2026, are:

Risk	Risk Description	Mitigating actions
McCloud Remedy	**Cause:** Implementation of the proposed remedy following new pension legislation and scheme specific regulations for the removal of age discrimination from the LGPS due to the McCloud judgement. **Event:** The impact of scheme amendments upon scheme members, Pensions Office and scheme employers due to implementation of the proposed remedy for McCloud. **Effect:** The Pensions Office is unable to adequately comply with legislative and regulatory amendments arising from the proposed McCloud remedy.	• MHCLG has confirmed the proposed remedy and the intention to introduce legislation to the statute books from 1 April 2023 but applied retrospectively to 31 March 2012 and 31 March 2014. The Pensions Office will need to understand what this means, develop processes and calculations to apply the regulations for the amended schemes and should be aware of all relevant correspondence issued by the MHCLG, LGA & HMRC and regularly attend seminars, forums, webinars and user groups. • Identification of eligible scheme members who will qualify for the remedy. All data must be reviewed and if necessary amended. In some cases data may be missing and must be requested from employers and previous pension providers. • System Development Calculation/Revaluation. • Working in conjunction with LGA to prepare communications and standard responses (FAQs) to be sent to affected scheme members.
Insufficient Assets	**Cause:** The asset allocation of the Pension Fund portfolio is unable to fund long term liabilities due to market movements. **Event:** There are insufficient assets to meet liabilities. **Effect:** Reduced income or lower than anticipated growth. Participating employers are required to provide further funding through increased contributions to finance liabilities.	• The Investment strategy of the Pension Fund is reviewed at least every three years following the triennial valuation with proper advice from the Investment Consultant. • The investment performance of the Pension Fund is measured against absolute return targets required to meet long term objectives. This will be reported to the Pensions Committee throughout the year and is supplemented by market insight

		from the Investment Consultant who will assist any strategic decisions required in between the three-year formal strategy reviews.
Cyber risk	**Cause:** IT system failures due to ineffective procedures, or inadequately trained staff. **Event**: Breach of Corporate IT systems and Cyber security due to inadequate preparation and not maintaining robust effective IT security systems and procedures. **Effect:** Inaccurate benefits paid or delayed to scheme members. Financial penalties/ sanctions. Breach of Data Protection regulations. Loss/corruption of data Harm to individuals. Reputational damage.	• Pensions administration staff are aware of the corporate policy regarding cyber security and follow the guidelines given integrating cyber security into risk management processes. • Corporate and departmental specific software is updated as required to ensure the latest and most secure version used. • Ensuring that the pensions administration software is included in the departmental business continuity plans. • Pensions administration staff to be aware of Data Protection legislation.
Targeted Returns	**Cause:** Fund managers (including the London CIV) fail to achieve the targeted investment returns because • unsuitable fund managers are appointed, • individual fund managers underperform against the benchmarks agreed by the Committee, • aggregate fund manager performance fails to achieve the long-term targets • Number of investors in a fund may diminish below a minimum level causing the fund to close. **Event:** Failure to be seen to manage the funds responsibly. **Effect:** Supervisory intervention over management of the Funds.	• Investment managers' performance and their aggregate performance is measured against appropriate benchmarks and will be monitored by the Pensions Committee throughout the year. It is supplemented by market insight from the Corporation's investment consultants which provides peer group comparisons; checks on movement of key officers; and reviews on the incorporation of ESG considerations in implementing their investment strategies. Fund managers are invited to meet with Officers and Members to account for their performance as and when deemed necessary/as required. • Under the Government pooling agenda, London CIV is the asset pool operator for London LGPS funds. The LCIV send monthly newsletters for Shareholders advising on latest developments for examples, product development and ESG/Climate related actions.
Short-term Cash flows	**Cause:** Inadequate cash flow planning and monitoring. **Event**: Delayed settling of benefits/ assets disinvested at an opportune time. **Effects:** Illiquidity or insufficient liquid assets to meet short term obligations.	• The Pension Fund asset allocation is established to ensure appropriate exposure to asset classes. • Alert fund managers in advance of transferring new monies and Fund managers are required to provide sufficient notice of cash calls and redemption payments. • Cash flow forecasting to ensure adequate monitoring and planning.
Breach of GDPR / Data Protection regulations	**Cause:** (i) Ineffective procedures. (ii) Inadequately trained staff. (iii) Data Accuracy. (iv) Lack of resources. **Event**: Scheme members' personal data is released to an unauthorised third party. **Effect:** (i) Breach of GDPR / Data Protection regulations. (ii) Financial penalties/ sanctions. (iii) Reputational damage.	• Pensions administration staff to be aware of the corporate policy regarding data security and to follow the guidelines given. • Ensuring that any data sent electronically is sent securely / password protected with the password sent separately. • Ensuring that member address details are kept up-to-date and that records are updated when the Pensions Office is made aware that the information held is no longer valid. • Pensions administration staff to be aware of GDPR / Data Protection legislation.
Employer Insolvency	**Cause:** Processes not in place to capture or review covenant of individual employers. **Event:** Employer becomes insolvent or is abolished with insufficient funding to meet liabilities.	• Bond indemnity/guarantee required for admitted bodies and incorporated into admission agreements where appropriate.

	Effect: Fund would pick up the liabilities potentially leading to increased contribution rates for other employers.	
Pension Scheme Administration	**Cause:** (i) Ineffective succession planning. (ii) Inadequately trained staff. (iii) Absences/increased staff turnover. (v) Data Accuracy. (vi) Lack of resources. **Event:** The failure of administrators to accurately calculate and pay the correct level of benefits. **Effect:** (i) Inaccurate benefits paid or delayed. (ii) Increased costs. (iii) Financial penalties/ sanctions.	• Job descriptions used at recruitment to attract candidates with skills and experience related to LGPS administration. The appraisals process to monitor progress and assess training needs. • Pensions administrator staff are trained to use the pensions administration software. • Practical disaster recovery/succession plans in place to ensure continuity in the event that key staff leave or are unable to work for a prolonged period of time. • Accurate and appropriate checking procedures in place at all areas of administration. • Scheme Member records are kept up to date, with any amendments being made as appropriate.
Service provider failure	**Cause:** Corporate, financial, economic or cybersecurity threats result in service provision withdrawal or liquidation of partner organisations. **Event:** Failure of fund manager, investment consultant or other service provider without notice. **Effect:** Pension Fund asset valuations at risk or a period of time without service provision.	• Detailed due diligence is carried out when new fund managers, investment consultant or other service provider are appointed. • Review of internal control reports on annual basis. • Monitor markets regularly through financial publications and seek advice of managers and investment consultant when appropriate.
Governance/Legislative Compliance	**Cause:** Lack of understanding of the applicable statutory requirements such as investment regulations, prudential code etc. Inadequate oversight of the operations and developments at the regional pool operator, the London CIV. New legislative requirements that require retrospective adjustments. **Event:** Committee Members and officers do not have appropriate skills or knowledge to discharge their responsibilities including the calculation and payment off benefits. Regulatory breach. The Pension Fund's pooled assets are managed inappropriately. Benefits are not paid correctly and need to be recalculated. **Effect:** Inappropriate decisions are made leading to a financial impact or a breach of legislation or service not provided in line with best practice and legal requirements. Potential regulatory fines. The financial value of the Pension Fund's assets is impaired. There is a potential increase in scheme liabilities and a need for retrospective benefit corrections.	• Training provided to Committee Members on a range of investment topics and asset classes on a needs basis. Continued Professional Development (CPD) records maintained and updated annually. • Job descriptions used at recruitment to attract candidates with skills and experience related to investment finance. The Corporation maintains membership of CIPFA's Pension Network, the LAPFF, LPFA and Pensions UK – all providing access to training opportunities via courses, seminars and conferences. • Training plans in place for all staff as part of the performance appraisal arrangements, which are reviewed every six months. • External professional advice sought where required. • The Committee maintains regular oversight of the London CIV. • Regular monitoring of ongoing legal cases/legislation that impacts the Pension Fund.
Responsible investment duties	**Cause:** Insufficient attention is paid to the environmental, social and governance (ESG) dimensions of the Corporation's financial investments.	• Reporting on responsible investment activities to the Principles for Responsible Investment is completed on an annual basis. The Committee (along with other relevant Committees/Boards) will receive an annual Transparency Report from the PRI from which it can evaluate progress against responsible investment goals.

	Event: The Corporations' financial investments include an underappreciated exposure to negative ESG risks and the means to effectively manage such risks is not understood. **Effect:** The Corporation suffers reputational or financial damage.	• As part of the regular management and monitoring of investment mandates, the Pensions Committee and responsible officers challenge investment managers on ESG issues arising in the portfolio. The Investment Consultant will report to the Committee on its monitoring of ESG risks on a quarterly basis. • The Committee has been assigned several key actions which will enable the Corporation to deliver its Climate Action Strategy. Key to this is achieving a clear plan on how to achieve Paris-alignment by 2040.
Fraud	**Cause:** (i) Not notified of death. (ii) Staff acting inappropriately (iii) Pension transfer scams **Event**: (i) Fraudulent claim of pension benefits (ii) pension benefits transferred to an inappropriate / unauthorised body. **Effect:** (i) Continued payment of pensions following death. (ii) Overpaid pensions. (iii) Financial loss for the Fund (iv) Financial loss for the scheme member (v) Financial penalties / sanctions (vi) Reputational damage.	• Robust fraud protection/detection processes. • Ensuring all members that are considering transferring their benefits out of the scheme are made aware of the potential for transfer scams. • Ensuring all staff are aware of the guidance / instructions provided by the LGA and the Pensions Regulator in respect of transfers-out of the scheme. • Robust identity verification processes and due diligence.
Actuarial valuation	**Cause:** Inappropriate assumptions used by the Actuary/ Inaccurate data supplied to the Actuary for the triennial valuation. **Event**: Unsuitable triennial actuarial valuation. **Effects:** Employer contribution rates insufficient to maintain long term cost efficiency & solvency.	• Regular meetings with the Actuary to ensure that assumptions are appropriate involving Officers and Members of the Pensions Committee. • Robust Year End procedures and updates. • Checking for errors or inconsistencies in valuation extract report before submission to the Actuary.

SCHEME ADMINISTRATION REPORT

The City of London Pension Fund is part of the national Local Government Pension Scheme. The Fund is administered in-house by the City of London Corporation on behalf of the participating employers.

At the end of March 2026; the City of London Pension Fund had:

- 12 active employers
- 5,211 pensioner members
- 5,646 active members
- 5,688 deferred members

The twelve active employers include the administering authority, the City of London Corporation; two scheduled bodies (the Museum of London and the City of London Academies Trust); and nine admitted bodies (the Irish Society, the City Academy Southwark, Schools Plus Ltd, the London CIV, Turning Point, Veolia, CBRE, OCS and Mitie).

There were 220 new pensioner members in 2025/26 including 215 normal retirements, 4 flexible retirement and 1 ill health retirement.

Teachers, Judges and Police Officers have their own pension schemes and are not included in the Fund.

The Pensions Team

All aspects of the pensions administration service is contained within one team comprised of 8 full time equivalent staff, entirely focused on pensions matters. The team structure delivers benefits as experience and skills are widely shared within the team, extending resilience and breadth of knowledge.

Investment in the team has continued via internal and external courses and qualifications, formal training, mentoring and support.

The cost of administration in 2025/26, including IT costs and actuarial fees, was £782k.

A standard appraisal process is operated across the team, linked into the Chamberlain's Department Business Plan. The team produces its own regular newsletter for pensioners.

Pensions Administration Manager: Graham Newman
Tel: 020 7332 1132
Pensions email: pensions@cityoflondon.gov.uk
Pensions Payroll email: pensionspayroll@cityoflondon.gov.uk
Website: https://www.cityoflondonpensions.org

Administration Key Performance Indicators – 2025/26

Task	Target (Working Days)	Result 2025/26	Result 2024/25
Initial payment of retirement benefits	10 days	95.26%	96.32%
Process refund and make payment	5 days	91.67%	90.57%
Statement notifying estimate of retirement benefits	20 days	91.53%	96.69%
Statement detailing transfer-in credit	20 days	98.77%	98.46%
Transfers-out payments	20 days	91.18%	100.00%
Answering general correspondence	10 days	98.20%	97.73%
Payment of lump sum death grants	14 days	94.74%	100.00%
Letters to dependants in respect of benefits due	5 days	96.55%	97.14%

The performance indicators are derived from the in-house pension's system software, which has a workflow measurement facility included.

The Local Government Pension Scheme

The Local Government Pension Scheme (or the LGPS) is a statutory pension scheme. This means that it is very secure as its benefits are defined and set out in law. The LGPS in brief:

- provides salary related defined benefits not dependent upon investment performance – ultimately the local authority, and local tax payers, are the final guarantors;
- is regulated by Parliament;
- is administered through 86 regional pension funds in England & Wales; and
- has over 6 million members nationally.

Scheme Benefits

The main provisions of the LGPS scheme are as follows:

- The scheme provides a guaranteed pension. From the 1st April 2014 the Scheme became a Career Average Revalued Earnings (CARE) scheme with benefits building at a rate of 1/49th of pay plus an annual revaluation in line with increase in CPI. The Final Salary link was retained for all benefits prior to 31 March 2014 (1/60th of final pay for each year of membership in the scheme after 31 March 2008 and membership to 31 March 2008 calculated as 1/80th final pay pension plus 3/80ths lump sum).
- Up to 25% of the capital value of benefits can be taken as a lump sum by commutation using the 12:1 commutation rate, i.e. for every £1 of pension given up the member gets £12 lump sum on retirement.
- Benefits prior to 31 March 2014 continue to be calculated on final pay, being the best one of the last three years' pay.
- Retirement age for future benefits is now State Pension Age, with protections for older members, but with the right to take pension from age 55 with a reduction for early payment.
- Flexible retirement with employer consent is permitted from age 55.
- Immediate payment of pension benefits following redundancy / efficiency retirement on or after age 55.
- A three-tier ill health benefits system.
- A death grant of three times pay for death in service; five times pension if a deferred beneficiary dies; and 10 times pension less pension already paid if a pensioner dies within ten years of retirement.
- Spouses' and Civil Partners pensions are generally based on a 1/160th accrual rate. Co-habiting partners pension will also be based on a 1/160th accrual rate but on post 5 April 1988 membership only.
- Members can buy extra scheme pension up to a maximum of £9,054 in total or they can pay into an Additional Voluntary Contribution (AVC) plan.
- Employers can grant extra pension of up to £9,054 in total.
- Trivial pensions may be commuted into a single lump sum payment in accordance with HMRC rules.

Membership

Employees must normally have a contract of employment for three months or more in order to be eligible for membership. Membership of the Scheme is then compulsory but eligible employees are free to choose whether to remain in the Scheme or make their own personal pension arrangements outside the Scheme.

Contributions

Employees and employers contribute to the scheme.

Employees:

Members of the LGPS pay a contribution rate dependant on the salary band they fall in to.

The contribution rate employees pay depends on their salary. The bands and contribution rates for 2025/26 are set out in the table below.

Band Range Contribution Rates:

Band	Range	Contribution Rate
1	Up to £17,800	5.5%
2	£17,801 to £28,000	5.8%
3	£28,001 to £45,600	6.5%
4	£45,601 to £57,700	6.8%
5	£57,701 to £81,000	8.5%
6	£81,001 to £114,800	9.9%
7	£114,801 to £135,300	10.5%
8	£135,301 to £203,000	11.4%
9	£203,001 or more	12.5%

There is also a 50/50 section of the scheme where members can elect to pay half the above contributions for a return of half the normal benefit accrual.

Employers:

The contribution rates paid by employers are variable and are determined by the Pension Fund's Actuary.

Communications during the Year

- Annual Benefits Statements were issued to all active and deferred members.
- Newsletters
- Information, forms and useful links to websites providing further information on the LGPS were maintained on the City of London's pension's website.
- "Insight" lunches had been suspended due to pandemic-related restrictions but the team hopes to resume these events in future.

Appeals

A problem or question about LGPS membership or benefits should initially be addressed to the Pensions Administration Manager at the address stated on page 4. The Pensions Administration team then seeks to clarify or put right any misunderstandings or inaccuracies as quickly and efficiently as possible.

If an employee or ex-employee is still dissatisfied with any decision made in relation to the Scheme, they have the right to have their complaint independently reviewed under the Internal Disputes Resolution Procedure (IDRP). The complaint should be referred to the IDRP process within six months of the day when a decision was made about the complaint.

Internal Dispute Resolution Procedure (IDRP)

The dispute procedure is in two stages. Each stage must be completed before moving on to the next:

First Stage

This involves referring a complaint to the nominated person within six months of a decision. This is a person appointed by the employer - but he/she will have had no previous involvement in the case. If he/she feels the complaint is justified, he/she will issue a new decision, which will be binding on the scheme administrators. However, he/she can only overturn the original decision if in his/her opinion it was legally incorrect. A decision under the first stage would normally be made within 3 months.

Second Stage

If the individual is not satisfied with the nominated person's decision, the second stage is to make a written appeal, within six months, to the administering authority. Like the nominated person, the administering authority can only correct legal errors. The decision would normally be made within three months and once again it would be binding on the scheme.

In 2025/26 there was 1 Stage 1 IDRP appeal cases and 3 Stage 2 cases. There were also 0 formal complaints received during the year.

If an appellant remains dissatisfied, they can refer their case to the Pensions Ombudsman, whose address is 10 South Colonnade Canary Wharf E14 4PU. The Ombudsman is less restricted in his powers and can consider wider issues than the strictly legal ones, such as whether a case has been handled fairly or reasonably. However, all stages of the IDRP must be dealt with before the Ombudsman would consider a case.

There were 2 cases for which correspondence has been received from the Ombudsman.

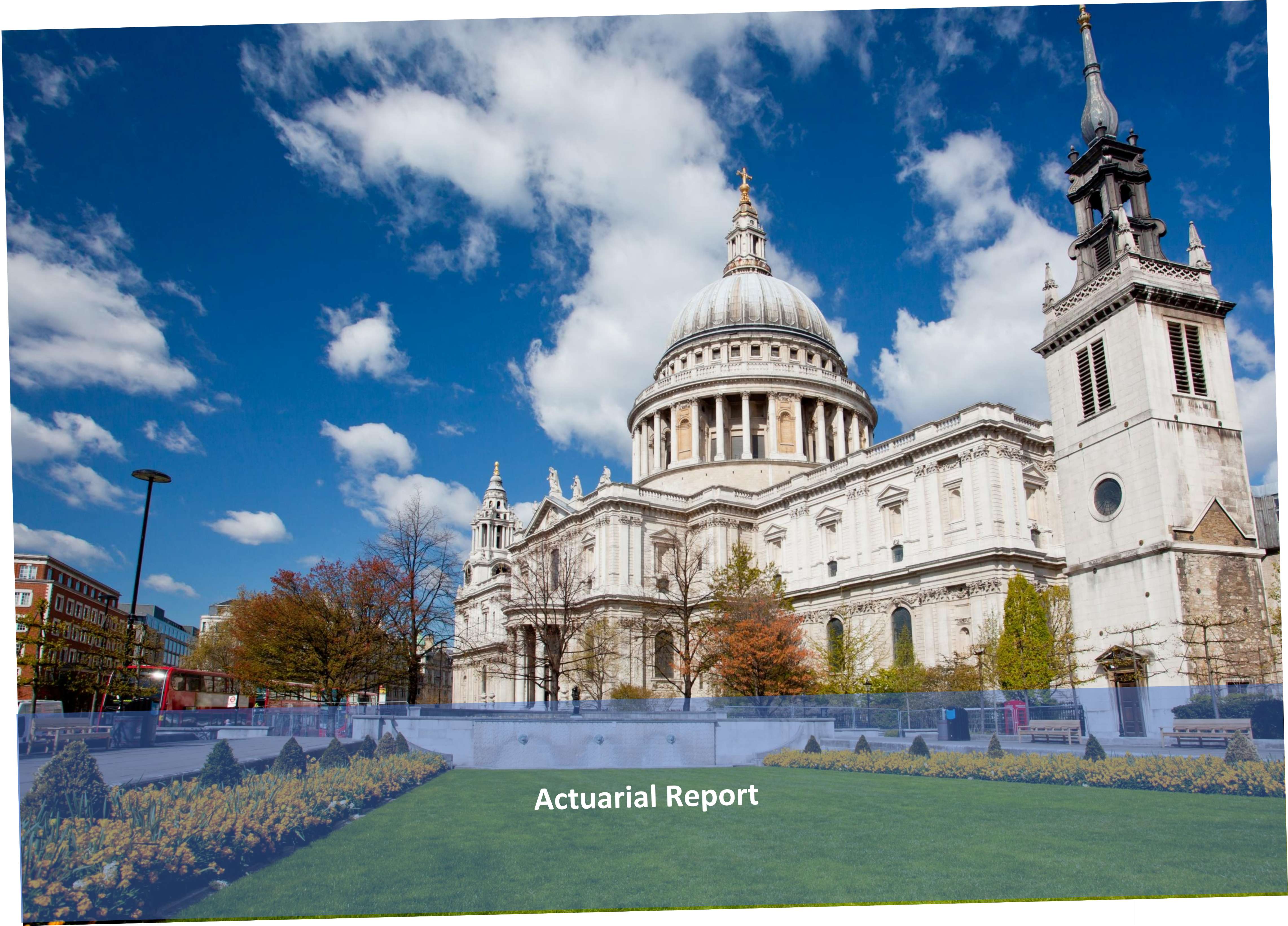
Further Assistance

The Money and Pensions Service (MaPS) is a free and independent advisory service specifically designed to help people with their pension problems. MaPS may be contacted directly at Holborn Centre, 120 Holborn, London, EC1N 2TD, telephone 01159 659570.

The Pensions Regulator is the regulator of work-based pension schemes. The Pensions Regulator has powers to protect members of work-based pension schemes and a wide range of powers to help put matters right, where needed. In extreme cases, the regulator is able to fine trustees or employers, and remove trustees from a scheme. The Pensions Regulator can be contacted at Customer Support, The Pensions Regulator, 125-135 Preston Road, Brighton BN1 6AF, telephone 0345 600 0707.

The Pensions Ombudsman: In cases where a complaint or dispute cannot be resolved after the intervention of MaPS or TPR, an application can be made, within three years of the event, to the Pensions Ombudsman for adjudication. The Ombudsman can investigate and determine any complaint or dispute involving maladministration of the Scheme or matters of fact or law and his or her decision is final and binding. Matters where legal proceedings have already started cannot be investigated. The Pensions Ombudsman can be contacted at 10 South Colonnade, Canary Wharf, London E14 4PU, telephone 0800 917 4487, email enquiries@pensions-ombudsman.org.uk .

The Pension Tracing Service holds details of pension schemes, including the LGPS, together with relevant contact addresses. It provides a tracing service for ex-members of schemes with pension entitlements (and their dependants), who have lost touch with previous employers. All occupational and personal pension schemes have to register if the pension scheme has current members contributing into their scheme or people expecting benefits from the scheme. The Pension Service has a website for members to trace their pension benefits: https://www.gov.uk/find-pension-contact-details. The tracing service can be contacted at: The Pension Service, Post Handling Site A, Wolverhampton, WV98 1AF, telephone 0800 731 0193.


Actuarial Report

Introduction

The last full triennial valuation of the City of London Corporation Pension Fund (the Fund) was carried out as at 31 March 2025 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 27 March 2026.

Asset value and funding level

The results for the Fund at 31 March 2025 were as follows:

- The smoothed value of the Fund’s assets for funding purposes as at 31 March 2025 was £1.55bn.
- The Fund had a funding level of 96% i.e. the value of assets for funding purposes was 96% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used. This corresponded to a deficit of £58m.

Contribution rates

The employer contribution rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

- the annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due;
- plus an amount to reflect each participating employer’s notional share of the Fund’s assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

The primary rate of contribution on a whole Fund level was 15.4% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer’s share of the cost of benefits accruing in each of the three years beginning 1 April 2026.

In addition each employer pays a secondary contribution as required under Regulation 62(7) that when combined with the primary rate results in the minimum total contributions. This secondary rate is based on their particular circumstances and so individual adjustments are made for each employer.

Details of each employer’s contribution rate are contained in the Rates and Adjustments Certificate in the triennial valuation report.

Assumptions

The assumptions used to value the benefits at 31 March 2025 are summarised below:

Assumptions	Assumptions used for the 2025 valuation
Financial assumptions	
Market date	31 March 2025
CPI inflation	2.7% p.a.
Long-term salary increases	3.7% p.a.
Discount rate	5.0% p.a.
Demographic assumptions	
Post-retirement mortality	
Base tables	100% of S4PA
Projection model	CMI 2024
Long-term rate of improvement	1.50% p.a.
Smoothing parameter	7.0
Initial addition to improvements	0% p.a.
Overlay half-life	1 year

Full details of the demographic and other assumptions adopted as well as details of the derivation of the financial assumptions used can be found in the 2025 valuation report.

Progress since the 2025 valuation

Assets

Investment returns on the Fund's assets over the year to 31 March 2026 have been positive, which has had a positive impact on the Fund's asset position. In addition, the assets have increased due to contributions paid by the employers over the year, partially offset by benefits paid out.

Liabilities

The value of the Fund's liabilities have increased over the year to 31 March 2026. This is primarily due to interest accruing on those liabilities and the accrual of one more year of pension benefits for active members.

Overall position

Both the value of the assets and the liabilities are estimated to have increased over the year to 31 March 2026. The assets have been estimated to have increased by more than the liabilities and so the funding level has been estimated to have increased over the year to 31 March 2026.

Lucy Byrne FIA
Senior Consulting Actuary, Barnett Waddingham LLP

Pension Fund Accounts

STATEMENT OF RESPONSIBILITIES for the STATEMENT OF ACCOUNTS

The City of London's Responsibilities

The City of London is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. This officer is the Chamberlain.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

The Chamberlain of London's Responsibilities

The Chamberlain is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this Statement of Accounts, the Chamberlain has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- complied with the local authority code.

The Chamberlain has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chamberlain’s Certificate

I certify that the Statement of Accounts present fairly the financial position of the Pension Fund of the City of London at 31 March 2026 and its income and expenditure for the year then ended.

Caroline Al-Beyerty
Chamberlain and CFO

Date: 22 September 2026

Independent auditor’s statement to the members of The City of London Corporation on the pension fund financial statements of The City of London Corporation Pension Fund included within The City of London Corporation Pension Fund annual report

Opinion

We have examined the pension fund financial statements of the City of London Corporation Pension Fund (the ‘Pension Fund’) for the year ended 31 March 2026 included within the pension fund annual report, which comprise the Fund Account, the Net Assets Statement, and the notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the City of London Corporation Pension Fund financial statements included within the pension fund annual report are consistent, in all material respects, with the audited pension fund financial statements of the City of London Corporation for the year ended 31 March 2026 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

We have not considered the effects of any events between 22 September 2026, being the date we signed our auditor’s report on the audited financial statements of the City of London Corporation City Fund, and the date of this statement.

Respective responsibilities of the Chamberlain and the auditor

As explained more fully in the Statement of Responsibilities, the Chamberlain & Chief Financial Officer (‘the Chamberlain’) is responsible for the preparation of the pension fund’s financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

Our responsibility is to state to the members of the City of London Corporation our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the financial statements of City of London Corporation City Fund.

We also read the other information contained in the pension fund annual report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information comprises the information included in the pension fund annual report, other than the pension fund financial statements and our auditor’s statement thereon.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the financial statements of the City of London Corporation City Fund describes the basis of our opinion on those financial statements.

Use of this auditor’s statement

This statement is made solely to the members of City of London Corporation, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of City of London Corporation those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than City of London Corporation and the members of City of London Corporation as a body, for our work, for this statement, or for the opinions we have formed.

Grant Patterson

Grant Patterson, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
Birmingham
24 September 2026

FUND ACCOUNT AND NET ASSET STATEMENT

for the year ended 31 March 2026

Pension Fund Accounts and Explanatory Notes

Fund Account for the year ended 31 March 2026

2024-25		Notes	2025-26
£m			£m
	Dealings with members, employers and others directly involved in the Fund		
(60.3)	Contributions	7	(66.4)
(7.3)	Transfers in from other pension funds		(12.0)
(67.6)			**(78.4)**
63.4	Benefits	8	66.5
4.3	Payments to and on account of leavers	9	5.0
67.7			**71.5**
0.1	**Net (additions)/withdrawals from dealings with members**		**(6.9)**
8.2	Management expenses	10	9.1
8.3	**Net withdrawals including fund management expenses**		**2.2**
	Returns on investments		
(26.9)	Investment income	11	(31.1)
(10.9)	Profit and losses on disposal of investments and changes in the value of investments	12	(73.3)
(37.8)	**Net return on investments**		**(104.4)**
(29.5)	**Net (increase)/decrease in the net assets available for benefits during the year**		**(102.2)**
(1,495.8)	Opening net assets of the scheme		(1,525.3)
(1,525.3)	**Closing net assets of the scheme**		**(1,627.5)**

Net Asset Statement as at 31 March 2026

2024-25		Notes	2025-26
£m			£m
0.2	Long-term investments		0.2
1,501.9	Investment assets		1,597.3
1,502.1	**Total net investments**	12	**1,597.5**
25.7	Current assets	18	32.3
(2.5)	Current liabilities	19	(2.3)
1,525.3	**Net assets of the Fund available to fund benefits at the end of the reporting period**		**1,627.5**

1. Description of the City of London Pension Fund

a) General

The City of London Pension Fund is part of the LGPS and is administered by the City of London. The City of London is the reporting entity for this pension fund.

The City of London Pension Fund is a funded defined benefits scheme established in accordance with statute. With the exception of serving police officers, teachers and judges who have their own schemes, all City of London staff are eligible for membership of the Local Government Pension Scheme (LGPS).

Benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement. The benefits payable in respect of service from 1 April 2014 are based on career average revalued earnings and the number of years of eligible service. Pensions are increased each year in line with the Consumer Price Index.

The Fund is governed by the Public Service Pensions Act 2013 and the following secondary legislation:

- The LGPS Regulations 2013 (as amended)
- The LGPS (transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) and
- The LGPS (Management and Investment of Funds) Regulations 2016.

The Fund is administered internally by the City of London. The Fund's investments are managed externally by several fund managers with differing mandates determined and appointed by the City of London.

b) Membership of the Fund

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Organisations participating in the City of London Pension Fund include:

- Scheduled bodies, which are automatically entitled to be members of the Fund
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

The following table summarises the membership numbers of the scheme:

	31 March 2026				31 March 2025
	Current contributors	**Beneficiaries in receipt of pension**	**Deferred members**	**Total**	**Total**
	No.	**No.**	**No.**	**No.**	**No.**
ADMINISTERING AUTHORITY					
City of London Corporation	5,168	4,796	4,765	14,729	14,342
	5,168	**4,796**	**4,765**	**14,729**	**14,342**
SCHEDULED BODIES:					
Museum of London	286	333	696	1,315	1,293
Magistrates Court	0	17	8	25	25
Multi Academy Trust	33	0	10	43	33
	319	**350**	**714**	**1,383**	**1,351**
ADMITTED BODIES:					
Irish Society	5	11	1	17	17
Parking Committee for London	0	7	4	11	11
Guildhall Club	0	4	4	8	9
City Academy - Southwark	112	18	163	293	279
Schools Plus Ltd	1	0	0	1	1
Sir John Cass (Brookwood)	0	1	0	1	1
AMEY (Enterprise)	0	5	3	8	9
Eville and Jones	0	0	1	1	1
London CIV	5	6	17	28	28
Turning Point	1	0	0	1	1
Agilysis	0	6	12	18	19
Agilysis (police)	0	1	1	2	2
Bouygues (EDTE)	0	0	1	1	1
Cook & Butler	0	1	1	2	2
1SC Guarding Limited	0	3	0	3	3
Skanska	0	1	0	1	5
Veolia	3	1	1	5	5
CBRE	4	0	0	4	0
OCS	22	0	0	22	0
Mitie	6	0	0	6	0
	159	**65**	**209**	**433**	**394**
TOTAL	**5,646**	**5,211**	**5,688**	**16,545**	**16,087**

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2026. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2025. For 2025/26, employer contribution rates range from 15.0% to 21.0% of pensionable pay.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index.

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the LGPS website.

2. Basis of preparation

The statement of accounts summarises the Fund's transactions for the 2025/26 financial year and its financial position at 31 March 2026. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2025/26* (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom (the Code):

- Amendments to FRS102 The Financial Reporting Standard applicable in the Uk and Republic of Ireland (Amendments to Heritage assets). Issued March 2024
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). Issued May 2024
- Annual improvements to IFRS accounting standard – volume 11. Issued July 2024
- Contracts referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). Issued December 2024

These amendments are not expected to have a material impact on the Pension Fund accounts.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Pension Fund has opted to disclose this information in Note 17.

The accounts have been prepared on a going concern basis. The administering authority is confident that the Fund will have sufficient resources to meet obligations as they fall due over the foreseeable future.

3. Accounting policies

i. The pension fund accounts are accounted for on an accruals basis for income and expenditure, with the exception of transfer values in and out, which are accounted for on a cash basis.

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

Financial Assets

ii. Investment assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.

iii. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 13). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Acquisition costs are included in the purchase costs of investments.

Foreign Currency Transactions

iv. Assets and liabilities in overseas currencies are translated into sterling at the exchange rates ruling at the net asset statement date. Transactions during the year are translated at rates applying at the transaction dates. Surpluses and deficits arising on conversion are dealt with as part of the change in market values of the investments.

Management expenses

v. The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

Administration expenses	All staff costs of the pensions administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
Oversight and governance	All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
Investment management expenses	Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments.

vi. Where an investment manager's fee note has not been received by the balance sheet date, an estimate based upon the most recent available equivalent trailing reporting period is used for inclusion in the fund account.

Investment Income

vii. Income from investments is accounted for on an accruals basis. Investment income arising from the underlying investments of the Pooled Investment Vehicles is typically reinvested within the Pooled Investment Vehicles and reflected in the unit price.

The change in market value of investments during the year are recognised as income and comprises all increases and decreases in the market value of investments held at any time during the year, including profit and losses realised on sales of investments and unrealised changes in market value.

Contribution Income

viii. Normal contributions, both from members and employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate.

Additional Voluntary Contributions

ix. Additional contributions from employers are accounted for in accordance with the agreement under which they are paid, or in the absence of such agreement, when received.

Benefits Payable - Retirement Grants

x. Under the rules of the Scheme, members may receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised.

Transfers to and from other schemes

xi. Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations 2013. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Cash and Cash Equivalents

xii. Cash comprises cash at the Bank, all cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimal risk of changes in value.

Actuarial present value of promised retirement benefits

xiii. The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 17).

Contingent Assets, Contingent Liabilities and Contractual Commitments

xiv. A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events. A contingent liability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the Balance Sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

4. Critical judgements in applying accounting policies

The Fund was not required to make any critical judgements when applying its accounting policies.

5. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made considering historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the net assets statement at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 17)	Estimation of the net liability to pay pensions depend on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied. This uncertainty relates solely to the disclosures made in Note 18 and does not impact on the Net Asset Statement or Pension Fund Account.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance: • a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £20m • a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £0.9m. • a one-year increase in assumed life expectancy would increase the liability by approximately £55m.
Private equity investments (Note 13)	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2022) and use valuation techniques that rely on unobservable inputs.	Private equity investments are valued at £14.4m in the accounts. The valuation of this investment is sensitive to changes in the underlying valuation assumptions. Please refer to Note 13 for a sensitivity analysis demonstrating the impact of a change in assumptions.
Infrastructure and pooled property investments (Note 13)	Infrastructure and pooled property investments are valued at fair value using valuation techniques that rely on unobservable inputs.	Infrastructure and pooled property investments are valued at £178.7m and £117.3m, respectively in the accounts. There is a risk that this investment may be under or overstated significantly if the underlying valuation assumptions change. Please refer to Note 13 for a sensitivity analysis demonstrating the impact of a change in assumptions.

6. Events after the reporting date

There are no events occurring after the reporting date that necessitate adjustments (adjusting events). There are 3 non-adjusting events that require disclosure.

On 21 April 2026 and following the notification of the formal closure process of the LCIV Global Equity Quality Fund, the Pension Fund moved 99% of its investment (c.£142m) to the LCIV Passive Equity Progressive Paris Aligned (PEPPA) Fund. The remaining 1% of units remained in the fund until the LCIV received formal notification that the Financial Conduct Authority (FCA) had approved the closure of the fund. The termination of the fund commenced on the 22 May 2026 and the Pension Fund's remaining units were redeemed on the same date, with the monies invested in the LCIV PEPPA Fund.

On 29 April 2026, the Pensions Schemes Bill received Royal Assent requiring all LGPS Funds to transfer the management of its assets to the asset pool. As at 31 March 2026, the Pension Fund has 75% of its assets under pool management and is working with the London CIV to transfer the remaining investments which are currently held outside the pool.

In the same Pensions Schemes Act as above, legislation addressing the Virgin Media Case was enacted. More detail on the Virgin Media case can be found in Note 17. The Act allows the retrospective validation of "potentially remediable alterations" (PRAs) arising from the Virgin Media case, however, there remains uncertainty as to whether the case does apply to the LGPS. The expectation is that MHCLG will provide clarification on the next steps for the LGPS and the Fund will continue to monitor this, but it is not possible at present to estimate the potential impact, if any, on the scheme.

In April 2026, the Pensions Committee agreed the revised strategic asset allocation, as part of this the Committee decided to divest from the LCIV Buy and Maintain Fund (Short Duration), to fund a new allocation to Index-Linked Gilts.

7. Contributions receivable

By Category

2024-25		**2025-26**
£m		**£m**
(15.7)	Employees' contributions	(17.3)
	Employers' contributions	
(39.7)	Normal contributions	(43.4)
(4.5)	Deficit recovery contributions	(5.1)
(0.4)	Pensions strain contributions	(0.6)
(44.6)	**Total employers' contributions**	**(49.1)**
(60.3)		**(66.4)**

By type of employer

2024-25		**2025-26**
£m		**£m**
(56.5)	Administering authority	(62.2)
(2.9)	Scheduled bodies	(3.2)
(0.9)	Admitted bodies	(1.0)
(60.3)		**(66.4)**

8. Benefits payable

By Category

2024-25		2025-26
£m		£m
54.6	Pensions	56.8
7.2	Lump sum retirement benefits	8.1
1.6	Lump sum death benefits	1.6
63.4		**66.5**

By type of employer

2024-25		2025-26
£m		£m
59.2	Administering authority	61.6
3.4	Scheduled bodies	3.8
0.8	Admitted bodies	1.1
63.4		**66.5**

9. Payments to and on account of leavers

2024-25		2025-26
£m		£m
4.1	Individual transfers out	4.8
0.2	Refunds to members leaving service	0.2
4.3		**5.0**

10. Management expenses

2024-25		2025-26
£m		**£m**
0.6	Administration expenses	0.8
7.2	Investment management expenses	7.8
0.4	Oversight and governance*	0.5
8.2		**9.1**

*Includes audit fees of £95,000 that have been charged to the Pension Fund (2024/25: £39,500). The fee payable for the 2025/26 audit is estimated to be £99,750.

a. Investment management expenses

			2024-25					2025-26
Management Fees	**Performance Related Fees**	**Transaction Costs**	**Total**		**Management Fees**	**Performance Related Fees**	**Transaction Costs**	**Total**
£m	**£m**	**£m**	**£m**		**£m**	**£m**	**£m**	**£m**
0.8	0.8	0.0	1.6	Infrastructure funds	1.1	1.1	0.0	2.2
3.9	0.0	0.4	4.3	Pooled investments**	3.7	0.0	0.4	4.1
0.6	0.0	0.0	0.6	Pooled property investments	0.6	0.0	0.0	0.6
0.2	0.5	0.0	0.7	Private equity	0.4	0.5	0.0	0.9
5.5	**1.3**	**0.4**	**7.2**	**Total**	**5.8**	**1.6**	**0.4**	**7.8**

**Included £2.5m charged to the Pension Fund by the London CIV regional asset pool (£1.7m in 2024/25).

11. Income from investments

2024-25		2025-26
£m		**£m**
(0.4)	Infrastructure funds	(5.1)
(1.2)	Interest	(1.3)
(21.1)	Pooled Investments	(20.5)
(3.7)	Pooled property investments	(3.9)
(0.5)	Private equity	(0.3)
(26.9)	**Total**	**(31.1)**

The Pension Fund's investment policies are focused on capital accumulation in pooled vehicles and private equity investments. Dividends and interest are typically retained at pool level. Where any shortfall of the Net Deductions on Contributions and Benefits Paid was previously covered by investment income, it is intended that the Fund will sell holdings in the pooled vehicles, as necessary, to cover any shortfalls. There are no limitations imposed by the fund managers on the selling of these pooled vehicle funds.

12. Investments

Market Value 31-03-2025		Market Value 31-03-2026
£m		**£m**
	Investment assets	
	Pooled funds	
203.3	Corporate Bonds	232.6
113.4	Diversified growth funds	122.7
621.7	Global equity	654.7
130.2	Multi asset credit	127.4
132.4	UK equities	149.5
1,201.0		**1,286.9**
	Other investments	
161.7	Infrastructure funds	178.7
118.0	Pooled property investments	117.3
21.2	Private equity funds	14.4
300.9		**310.4**
0.0	Investment income due	0.0
1,501.9	**Total investment assets**	**1,597.3**
	Long-term investments	
0.2	Equities	0.2
1,502.1	**Net investment assets**	**1,597.5**

a. Reconciliation of movements in investments

The table below shows the movement in market values by asset type

	Market Value 31-03-2025	Purchases During the Year*	Sales During the Year*	Change in Value	Market Value 31-03-2026
	£m	**£m**	**£m**	**£m**	**£m**
Infrastructure funds	161.7	7.9	(6.0)	15.1	178.7
Long-term investments	0.2	0.0	0.0	0.0	0.2
Pooled investments	1,201.0	341.4	(313.4)	57.9	1,286.9
Pooled property investments	118.0	0.0	(1.9)	1.2	117.3
Private equity funds	21.2	0.1	(5.9)	(1.0)	14.4
	1,502.1	**349.4**	**(327.2)**	**73.2**	**1,597.5**
Investment income due	0.0				0.0
Net investment assets	**1,502.1**				**1,597.5**

*During the year 2025/26, the Pension Fund completed an in-specie transfer from Ruffer's Absolute Return Fund to the LCIV's Absolute Return Fund (managed by Ruffer) (c.£123m) which has been included in the purchases and sales figures above. This transaction was a direct asset transfer and it did not generate cash inflows or outflows for the fund.

	Market Value 31-03-2024	Purchases During the Year	Sales During the Year	Change in Value	Market Value 31-03-2025
	£m	**£m**	**£m**	**£m**	**£m**
Infrastructure funds	78.2	88.2	(6.5)	1.8	161.7
Long-term investments	0.2	0.0	0.0	0.0	0.2
Pooled investments	1,262.0	271.2	(340.6)	8.4	1,201.0
Pooled property investments	119.0	0.0	(1.7)	0.7	118.0
Private equity funds	24.4	0.2	(3.4)	0.0	21.2
	1,483.8	**359.6**	**(352.2)**	**10.9**	**1,502.1**
Investment income due	0.0				0.0
Net investment assets	**1,483.8**				**1,502.1**

b. Investments analysed by fund manager

Market value 31-03-2025 £m	%		Market value 31-03-2026 £m	%
		Investments managed by the London CIV		
187.5	12%	LCIV Global Alpha Growth Fund*	206.4	13%
114.8	8%	LCIV Global Equity Value Fund*	134.2	8%
154.4	10%	LCIV Global Equity Quality Fund*+	138.0	9%
0.0	0%	LCIV Passive Equity Progressive Paris Aligned Fund*#	176.1	11%
130.2	9%	LCIV Alternative Credit Fund*	127.4	8%
0.0	0%	LCIV Absolute Return Fund*#	122.7	8%
105.5	7%	LCIV Buy and Maintain Fund (Short Duration)*	105.3	7%
97.8	6%	LCIV Buy and Maintain Fund (Long Duration)*#	127.3	7%
12.6	1%	LCIV Renewable Infrastructure Fund	19.4	1%
42.3	3%	M&G UK Residential Property Fund	40.9	3%
0.2	0%	London CIV	0.2	0%
845.3	**56%**		**1,197.9**	**75%**
		Investments managed outside the London CIV		
33.4	2%	Alternative assets	24.1	1%
132.4	9%	Artemis Institutional Equity Income Fund*	149.5	9%
40.2	3%	Aviva Lime Property Fund	40.0	3%
165.0	11%	C Worldwide Global Equities#	0.0	0%
64.9	4%	IFM Global Infrastructure (UK)*	72.2	5%
72.0	5%	JP Morgan Infrastructure Investments Fund*	77.4	5%
35.5	2%	M&G Secured Property Income Fund	36.4	2%
113.4	8%	Ruffer Absolute Return Fund	0.0	0%
656.8	**44%**		**399.6**	**25%**
1,502.1	**100%**	**Total**	**1,597.5**	**100%**
0.0	0%	Investment income due	0.0	0%
1,502.1	**100%**	**Net investment assets**	**1,597.5**	**100%**

*These investments each singularly represent 5% and over of the net assets of the Fund.

+The LCIV Global Equity Quality Fund was formally suspended on 19 January 2026 in order for all investors to make an orderly exit from the fund, more information on this can be found in Note 6.

As at 31 March 2026, Alternative assets comprise of private equity and infrastructure investments managed through ten separate investment managers.

#During the year 2025/26 the Pension Fund invested in one new fund (LCIV Passive Equity Progressive Paris Aligned Fund) and transitioned an investment that was held outside the London CIV onto the pool (LCIV Absolute Return Fund).

<u>LCIV Passive Equity Progressive Paris Aligned Fund (PEPPA)</u>

The Pension Fund divested from Global Equities Manager C Worldwide during the year to fund an investment into the LCIV PEPPA Fund, increasing the Pension Fund's percentage of assets pooled with the London CIV. The investment was made in two tranches, the first tranche of £93.0m was made in February 2026 and the final tranche of £92.7m was completed on 2 March 2026. The Pension Fund fully divested from equity manager C Worldwide.

<u>LCIV Absolute Return Fund (ARF)</u>

The Pension Fund moved its investment from Ruffer's Absolute Return Fund to the LCIV ARF (managed by Ruffer), this is the same fund however is on the London CIV's platform and managed by the LCIV. The investment was completed as an in-specie transaction on 22 March 2026.

<u>LCIV Buy and Maintain Fund (Long Duration)</u>

During the year, the Pension Fund invested £33m of surplus cash in the bank account into the LCIV Buy and Maintain Fund (Long Duration). The investment was completed as one lump sum on the 27 February 2026.

13. Fair value - basis for valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques*.

Item	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key Sensitivities affecting the valuations provided
Pooled investments - equity funds (UK and Global)	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled investments – multi-asset funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled property investments	Level 3	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by significant changes in rental growth, vacancy levels, and the discount rate applied to future cash flows as well as more general changes in market conditions.
Private equity funds	Level 3	Comparable valuation of similar companies in accordance with international private equity valuation guidelines.	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple, revenue multiple, discount for lack of marketability.	Valuations include assumptions based on non-observable market data, such as discounts applied either to reflect changes in the fair value of financial assets or to adjust earnings multiples.
Infrastructure funds	Level 3	Discounted cashflows applied to equity and debt instruments. The Funds determine fair value for these securities by engaging external valuation services.	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple, revenue multiple, discount for lack of marketability.	Valuations include assumptions based on non-observable market data, such as discounts applied either to reflect changes in the fair value of financial assets or to adjust earnings multiples.

*Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2026.

	Assessed valuation range	Market value 31-03-2026	Value on increase	Value on decrease
	(+/-)	£m	£m	£m
Private equity funds	10%	14.4	15.8	13.0
Pooled property investments	10%	117.3	129.0	105.6
Infrastructure funds	10%	178.7	196.6	160.8
		310.4	**341.4**	**279.4**

a. Fair value hierarchy

Assets have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 must be traded in active markets, this includes quoted equities, quoted fixed securities, quoted index linked securities and exchange traded unit trusts.

Level 2

Financial instruments at level 2 are those where quoted market prices are not available for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value. Products classified as level 2 comprise open ended pooled investment vehicles which are not exchange traded, unquoted bonds and repurchase agreements.

Level 3

Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include private equity investments and infrastructure funds which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of pooled property investments are based on valuations provided by the fund managers which in turn represent estimates by independent professional valuers of the open market value of those investment as at the reporting date.

The values of the investment in private equity and infrastructure funds are based on valuations provided by the general partners to the private equity funds in which City of London Pension Fund has invested.

These valuations are prepared in accordance with the international private equity and venture capital valuation guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are typically undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

Guidance released by the Pensions Research Accountants Group (PRAG) in 2016 provides further clarification on the classification of pooled investment vehicles as level 1, 2 and 3. Pooled funds that are not quoted on an exchange are classed as level 2, as these do not meet the definition of level 1 investment: *The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.* The table that follows provides an analysis of the assets of the Pension Fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Values as at 31 March 2025					Values as at 31 March 2026			
Quoted market price	Using observable inputs	With significant unobservable inputs			Quoted market price	Using observable inputs	With significant unobservable inputs	
Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
£m	£m	£m	£m		£m	£m	£m	£m
				Financial assets at fair value through profit and loss				
0.0	0.0	161.7	161.7	Infrastructure funds	0.0	0.0	178.7	178.7
0.0	0.0	0.2	0.2	Long-term investments	0.0	0.0	0.2	0.2
0.0	1,201.0	0.0	1,201.0	Pooled investments	0.0	1,286.9	0.0	1,286.9
0.0	0.0	118.0	118.0	Pooled property investments	0.0	0.0	117.3	117.3
0.0	0.0	21.2	21.2	Private equity funds	0.0	0.0	14.4	14.4
0.0	**1,201.0**	**301.1**	**1,502.1**	**Total investment assets**	**0.0**	**1,286.9**	**310.6**	**1,597.5**
0.0	0.0	0.0	0.0	Investment income due	0.0	0.0	0.0	0.0
0.0	**1,201.0**	**301.1**	**1,502.1**	**Net investment assets**	**0.0**	**1,286.9**	**310.6**	**1,597.5**

b. Reconciliation of fair value measurements within level 3

The table below shows the movements in level 3 disclosures for 2025/26

Disclosures for level 3	Market value at 31-03-2025	Transfers into level 3	Transfers out of level 3	Purchases at cost	Sales	Unrealised gains / (losses)	realised gains / (losses)	Market value at 31-03-2026
	£m	£m	£m	£m	£m	£m	£m	£m
Private equity	21.2	0.0	0.0	0.1	(5.9)	(4.4)	3.4	14.4
Pooled property investments	118.0	0.0	0.0	0.0	(1.9)	1.2	0.0	117.3
Infrastructure	161.7	0.0	0.0	7.9	(6.0)	15.1	0.0	178.7
Long term investment	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Total level 3	**301.1**	**0.0**	**0.0**	**8.0**	**(13.8)**	**11.9**	**3.4**	**310.6**

The table below shows the movements in level 3 disclosures for 2024/25

Disclosures for level 3	Market value at 31-03-2024	Transfers into level 3	Transfers out of level 3	Purchases at cost	Sales	Unrealised gains / (losses)	realised gains / (losses)	Market value at 31-03-2025
	£m	£m	£m	£m	£m	£m	£m	£m
Private equity	24.4	0.0	0.0	0.2	(3.4)	0.0	0.0	21.2
Pooled property investments	119.0	0.0	0.0	0.0	(1.7)	0.7	0.0	118.0
Infrastructure	78.2	0.0	0.0	88.2	(6.5)	1.8	0.0	161.7
Long term investment	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Total level 3	**221.8**	**0.0**	**0.0**	**88.4**	**(11.6)**	**2.5**	**0.0**	**301.1**

14. Financial Instruments

a. Classification of financial instruments

at 31 March 2025				at 31 March 2026		
Fair Value through profit and loss	Assets held at amortised cost	Total		Fair Value through profit and loss	Assets held at amortised cost	Total
£m	£m	£m		£m	£m	£m
			Financial assets			
161.7	0.0	161.7	Infrastructure funds	178.7	0.0	178.7
0.0	0.2	0.2	Long-term investments	0.0	0.2	0.2
1,201.0	0.0	1,201.0	Pooled investments	1,286.9	0.0	1,286.9
118.0	0.0	118.0	Pooled property investments	117.3	0.0	117.3
21.2	0.0	21.2	Private equity funds	14.4	0.0	14.4
0.0	25.6	25.6	Cash	0.0	32.3	32.3
0.0	0.0	0.0	Investment income due	0.0	0.0	0.0
0.0	0.0	0.0	Other debtors*	0.0	0.0	0.0
1,501.9	**25.8**	**1,527.7**		**1,597.3**	**32.5**	**1,629.8**
			Financial liabilities			
0.0	0.0	0.0	Creditors*	0.0	0.0	0.0
1,501.9	**25.8**	**1,527.7**	**Total**	**1,597.3**	**32.5**	**1,629.8**

*The table above *excludes* debtors valued at £0.0m (31 March 2025: £0.1m) and creditors valued at £2.3m (31 March 2025: £2.5m) which are non-contract based transactions and balances and therefore do not meet the criteria of financial instruments. Further information on current assets and current liabilities outstanding at the reporting date is detailed in notes 18 and 19.

b. Net (Gains) and Losses on Financial Instruments

2024-25		2025-26
£m		£m
	Financial Assets	
10.9	Fair value through profit and loss	73.3
10.9		**73.3**

15. Risk and risk management

The Pension Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio.

The Fund's investments are actively managed by ten main external fund managers who are charged with the responsibility to increase asset values, whilst maintaining market risk to acceptable levels. They achieve this mainly through diversification of stock portfolios across several geographical locations, various industrial sectors and asset classes. The managers' investing practices are controlled by pre-defined levels of tolerance.

Concentration risk is also controlled and monitored with a maximum proportion cap over the levels held in individual stocks as a set percentage of each manager's overall portfolio of stocks.

As part of each of the external fund managers' investing there is also a strict adherence to the principles of liquidity risk management in order to ensure cash flow requirements are met as and when they fall due.

All of the investing policies and practices are reviewed regularly after thorough consideration of economic and market conditions, and overall care is taken to identify, manage and control exposure to the price movements of several categories of investments.

Market risks

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors, asset classes and individual securities. To mitigate market risk, the Pension Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

Price risk

In consultation with its investment consultant, Mercer Ltd, the Fund has determined that the following movements in market price risk are reasonably possible for 2025/26 assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

Asset type	Value as at 31 March 2025	Change %	Value on increase	Value on decrease
	£m		£m	£m
Pooled and Long term investments				
Developed market global equities	721.6	20.9%	872.4	570.8
Emerging market global equities	32.7	25.3%	41.0	24.4
Fixed Income	203.3	11.6%	226.9	179.7
Diversified growth funds	113.4	14.1%	129.4	97.4
Multi asset credit	130.2	12.8%	146.9	113.5
	1,201.2		**1,416.6**	**985.8**
Pooled Property Investments				
UK property (proxy for residential property)	82.5	16.6%	96.2	68.8
Long lease UK property	35.5	11.2%	39.5	31.5
	118.0		**135.7**	**100.3**
Private Equity Funds				
Private equity	21.2	27.0%	26.9	15.5
	21.2		**26.9**	**15.5**
Infrastructure Funds				
Unlisted infrastructure	161.7	12.3%	181.6	141.8
	161.7		**181.6**	141.8
Total	**1,502.1**		**1,760.8**	**1,243.4**

Asset type	Value as at 31 March 2026	Change %	Value on increase	Value on decrease
	£m		£m	£m
Pooled and Long term investments				
Developed market global equities	766.4	8.3%	830.0	702.8
Emerging market global equities	38.0	21.0%	46.0	30.0
Fixed Income	232.6	3.0%	239.6	225.6
Diversified growth funds	122.7	8.4%	133.0	112.4
Multi asset credit	127.4	6.5%	135.7	119.1
	1,287.1		**1,384.3**	**1,189.9**
Pooled Property Investments				
UK property (proxy for residential property)	80.9	9.8%	88.8	73.0
Long lease UK property	36.4	8.3%	39.4	33.4
	117.3		**128.2**	**106.4**
Private Equity Funds				
Private equity	14.4	12.4%	16.2	12.6
	14.4		**16.2**	**12.6**
Infrastructure Funds				
Unlisted infrastructure	178.7	8.3%	193.5	163.9
	178.7		**193.5**	**163.9**
Total	**1,597.5**		**1,722.2**	**1,472.8**

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. The pooled multi-asset investments are indirectly subject to interest rate risks, as underlying holdings include fixed income instruments, and this represent the risk that the fair value or these financial instruments will fluctuate because of changes in market interest rates. Fund managers have the discretion to manage interest risk exposure through the use of derivatives.

The Fund's indirect exposure to interest rate movements as at 31 March 2026 and 31 March 2025 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value. Bonds and cash balances are exposed to interest rate risk. The table below demonstrates the change in value of these assets had the interest rate increased or decreased by 1%.

Value as at 31 March 2025	**Change**	**Value on increase**	**Value on decrease**	**Assets exposed to interest rate risk**	**Value as at 31 March 2026**	**Change**	**Value on increase**	**Value on decrease**
£m	%	£m	£m		£m	%	£m	£m
25.6		25.6	25.6	Cash and cash equivalents	32.3		32.3	32.3
388.9	1.00%	373.4	404.4	Bonds	420.9	1.00%	402.1	439.7
414.5		**399.0**	**430.0**	**Total**	**453.2**		**434.4**	**472.0**

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments owned directly or through a pooled structure, that are denominated in any currency other than the functional currency of the Fund (UK sterling).

This table summarises the position as at 31 March 2026, and the comparable position as at 31 March 2025 is shown below. The analysis uses historical currency volatility data sourced from the fund custodian, BNY.

Currency	**As at 31 March 2025**			
	Value	**Change**	**Value on increase**	**Value on decrease**
	£m	%	£m	£m
United States Dollar	612.2	2.42%	627.0	597.4
Euro	232.3	1.28%	235.3	229.3
Japanese Yen	48.4	2.58%	49.6	47.2
Hong Kong Dollars	14.7	2.37%	15.0	14.4
Swedish Krona	13.0	2.14%	13.3	12.7
Taiwanese Dollar	11.6	1.80%	11.8	11.4
Mexican Peso	10.5	0.00%	10.5	10.5
Indian Rupee	10.1	2.13%	10.3	9.9
Swiss Franc	8.5	1.70%	8.6	8.4
Danish Krone	8.3	1.30%	8.4	8.2
Other overseas	28.0	0.44%	28.1	27.9
Overseas total	**997.6**		**1,017.9**	**977.3**
Sterling	504.5			
Net investment assets	**1,502.1**			

Currency	**As at 31 March 2026**			
	Value	**Change**	**Value on increase**	**Value on decrease**
	£m	%	£m	£m
United States Dollar	600.2	2.04%	612.5	587.9
Euro	169.0	0.98%	170.7	167.3
Japanese Yen	39.0	2.19%	39.9	38.1
Taiwanese Dollar	22.1	2.11%	22.6	21.6
Mexican Peso	12.9	2.43%	13.2	12.6
Canadian Dollar	12.1	1.42%	12.3	11.9
Hong Kong Dollars	11.8	2.02%	12	11.6
Australian Dollar	10.6	1.88%	10.8	10.4
Swiss Franc	8.4	1.47%	8.5	8.3
Chinese Yuan	6.6	1.82%	6.7	6.5
Other overseas	23.2	1.73%	23.6	22.8
Overseas total	**915.9**		**932.8**	**899.0**
Sterling	681.6			
Net investment assets	**1,597.5**			

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. Officers monitor cash flows and take steps to ensure that there are adequate cash resources to meet the Fund's commitments. The Fund has immediate access to its cash holdings.

Liquid assets are those that can be converted to cash within three months, subject to normal market conditions. As at 31 March 2026, liquid investment assets were £1,286.9m representing 81% of total fund assets (£1,201.0m at 31 March 2025 representing 80% of the Fund at that date). These investments can in fact be liquidated within a matter of days.

Credit Risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The selection of high-quality counterparts, brokers and financial institutions minimises credit risk that may occur through the failure of third parties to settle transactions in a timely manner.

16. Funding arrangements

In accordance with statutory regulations a triennial valuation of the Pension Fund was completed by the City's independent consulting actuaries, Barnett Waddingham LLP, as at 31 March 2022 using the projected unit method and the resulting employers' contribution were implemented for the three financial years commencing 1 April 2023. A more recent valuation was undertaken as at 31 March 2025, and employer contribution rates resulting from this exercise will apply from 1 April 2026.

The main funding assumptions which follow was incorporated into the funding model used in the 31 March 2022 and the 31 March 2025 valuation (Consumer Price Inflation has been used as basis to reflect the actuarial assumption in real terms):

	March 2022		March 2025	
	% p.a.	Real % p.a.	% p.a.	Real % p.a.
Financial assumptions				
Discount rate	4.6	2.9	5.0	2.7
Retail Price Inflation	3.2	1.0	3.1	1.0
Consumer Price Inflation	2.9	-	2.7	-
Pension increases	2.9	-	2.7	-
Pay increases	3.9	1.0	3.7	1.0

The discount rate reflects the asset allocation embedded in Fund's long-term strategy; the below table outlines how these assumptions translate into an overall discount rate assumption as at 31 March 2022 and 31 March 2025.

Future assumed returns at 31 March 2022	**Percentage of Fund**	**Return Assumption**	**Real (relative to CPI)**
	%	%	%
Equities	55	6.9	5.2
Property and infrastructure	15	6.4	4.7
Absolute return fund - inflation plus 3.2%	30	4.9	3.2
Expenses (deduction)		(0.2)	(0.2)
Neutral estimate of discount rate based on long-term investment strategy		**6.0**	**4.3**
Prudence allowance		(1.4)	(1.4)
Discount rate		**4.6**	**2.9**

Future assumed returns at 31 March 2025	**Percentage of Fund**	**Return Assumption**	**Real (relative to CPI)**
	%	%	%
Equities	47	7.1	4.8
Property and infrastructure	23	6.2	3.9
Multi-asset Credit	8	6.2	3.9
Absolute return fund - inflation plus 3.2%	7	6.0	
Corporate Bonds	15	5.8	
Expenses (deduction)		(0.2)	(0.2)
Neutral estimate of discount rate based on long-term investment strategy		**6.4**	**4.1**
Prudence allowance		(1.4)	(1.4)
Discount rate		**5.0**	**2.7**

Demographic assumptions

The assumed life expectancy from age 65 is shown below for the 31 March 2022 and 31 March 2025 valuation.

Life expectancy from age 65		31 March 2022
Retiring today	Males	21.0
	Females	23.5
Retiring in 20 years	Males	22.3
	Females	24.9

Life expectancy from age 65		31 March 2025
Retiring today	Males	21.4
	Females	24.4
Retiring in 20 years	Males	23.0
	Females	26.2

Commutation assumption

As part of the 31 March 2022 and 31 March 2025 valuations the actuary assumed that members on average exchanged pension to get approximately 50% of the maximum available cash on retirement.

50:50 membership

The actuary has assumed that existing members will continue to participate in their current section.

Funding Position at Valuation date

The valuations at 31 March 2022 and 31 March 2025 revealed that the relationship between the values placed on the assets held by the Fund and the liabilities accrued in respect of pensionable service at that date were as follows:

	March 2022
Past service liabilities	**£m**
Active members	(448.0)
Deferred pensioners	(286.0)
Pensioners	(670.0)
Total	**(1,404.0)**
Assets	1,371.0
Deficit	**(35.0)**
Funding level	**98%**

	March 2025
Past service liabilities	**£m**
Active members	(500.0)
Deferred pensioners	(319.0)
Pensioners	(790.0)
Total	**(1,609.0)**
Assets	1,551.0
Deficit	**(58.0)**
Funding level	**96%**

Based on the above data the derivation of the basic rate of employer's contribution is set out below.

	March 2022	**March 2025**
	Contribution rate %	**Contribution rate %**
Future service funding rate	18.5	15.5
Past service adjustment	2.5	4.5
Total contribution rate	**21.0**	**20.0**

The secondary rate contributions agreed with individual employers were set at the 31 March 2022 valuation to restore the Fund to a funding position of 100% over a recovery period of no longer than 11 years. At the 31 March 2025 valuation, this deficit recovery plan was set at 10 years (i.e. the secondary rates established in 2025 aim to restore 100% funding).

Whilst the Fund level contribution rate is now 21.0% per annum, within this individual employer contribution rates vary. Having considered the basic rate of employer's contributions above, the City of London Corporation set contribution rates applicable to its employees of 21.0% for each of the financial years 2023/24 to 2025/26. Exceptions are City Academy and the Multi Academy Trust who both pay 17.1% p.a., the London CIV (15.0%) and the Museum of London (16.1%).

Following the 31 March 2025 valuation, the Fund level contribution rate is 20.0% per annum, with most employers paying contribution rates of 20.0% for the three years commencing 1 April 2026 apart from the City Academy and the Multi Academy Trust (14.6%); the Museum of London (14.7%) and the London CIV (15.6%).

17. Funded Obligation of the Overall Pension Fund

31 March 2025		31 March 2026
£m		£m
(1,365.2)	Present Value of the defined benefit obligation*	(1,480.1)
1,525.2	Fair Value of Fund Assets (bid value)	1,627.5
160.0	Net Liability	**147.4**

*The present value of the funded obligation consists of both vested and non-vested obligations. Non-vested obligations have been assumed to have a negligible value (2024/25: £1,352.3m and £12.9m respectively).

The above figures show the total net liability of the Fund as at 31 March 2026 and have been prepared by the fund actuary (Barnett Waddingham LLP) in accordance with IAS26. In calculating the disclosed numbers, the value of Fund's liabilities calculated for the funding valuation as at 31 March 2025 have been rolled forward, using financial assumptions that comply with IAS19.

at 31 March 2025			at 31 March 2026	
% p.a.	% p.a.		% p.a.	Real % p.a.*
2.90	-	CPI increase	2.9	-
3.90	1.00	Salary increase	3.9	1.0
2.90	-	Pension increase	2.9	-
5.85	-	Discount Rate	6.1	-

* Consumer Price Inflation has been used as basis to reflect the actuarial assumption in real terms.

Life expectancy from age 65		31 March 2025	31 March 2026
Retiring today	Males	20.7	22.0
	Females	23.3	24.2
Retiring in 20 years	Males	22.0	23.5
	Females	24.7	25.9

McCloud and Sargeant judgments

The Government reformed public service pension schemes in 2014 and 2015 and introduced protections for older members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. An allowance for the McCloud remedy has been made in the liabilities which is consistent with the method adopted at the last actuarial valuation.

Guaranteed Minimum Pension (GMP) Equalisation

On 23 March 2021, the Government published the outcome to its GMP Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016. Details of the consultation outcome can be found here.

Virgin Media Case

Historically, where the rules of a contracted-out defined benefit scheme were amended, the Scheme Actuary would provide a "section 37" confirmation that the scheme continues to meet the contracting-out requirements. In June 2023, the High Court decided that certain rule amendments were invalid in absence of the actuarial certification (potentially including cases where such a confirmation cannot now be located). On 18 September 2025, the Government published proposed amendments to the Pension Schemes Bill that would allow retrospective actuarial validation to confirm whether historic changes to contracted-out benefits complied with statutory requirements. For the LGPS, the Scheme Actuary is the Government Actuary's Department (GAD). GAD are reviewing historic amendments to the LGPS in this context and the Scheme Advisory Board were liaising with GAD on whether the relevant certificates were available for past scheme changes. More information can be found in Note 6.

18. Current assets

Current assets include cash balances of £32.3m at 31 March 2025 (£25.6m at 31 March 2025) and no accruals for contributions (£0.1m at 31 March 2025).

19. Current liabilities

Current liabilities represent accruals for investment management expenses, custodian fees and benefits payable of £2.3m (2024/25: £2.5m).

20. Additional voluntary contributions

Market Value at 31 March 2025		Market Value at 31 March 2026
£m		**£m**
2.4	Prudential	2.4
0.7	Standard Life Investments	0.7
0.1	Utmost Life and Pensions	0.1
3.2		**3.2**

Additional voluntary contributions (AVCs) are managed externally and independently from the rest of the Pension Fund. They are paid by members to the Corporation and transferred directly to the relevant fund managers – Prudential, Standard Life Investments and Utmost Life and Pensions (formerly Equitable Life). AVCs of £0.45m were paid in 2025/26 (2024/25: £0.37m).

In accordance with Regulation 4(1) (b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016, the contributions paid, and the assets of these investments are not included in the Fund's accounts.

21. Related party transactions

The City of London Pension Fund is administered by the City of London Corporation. Consequently, there is a strong relationship between the local authority and the Pension Fund.

During the reporting period, the administering authority incurred salary expenses amounts to £0.7m (2024/25: £0.6m) which were recharged to the Pension Fund.

The Corporation is also the single largest employer of members of the Pension Fund and the employer contributions paid by it was £45.7m in 2025/26 (2024/25: £41.5m).

The City of London Corporation Pension Fund is invested in the London CIV, the regional pool operator for London and Buckinghamshire. As at 31 March 2026, 75% of the Pension Fund's assets are managed by the London CIV (2024/25: 56%). The London CIV are also an admitted body to the Pension Fund and the employer contributions paid to the Pension Fund by it was £0.1m in 2025/26 (2024/25: £0.1m).

22. Key management personnel

The key management personnel of the Fund as at 31 March 2026 were the Chamberlain, Corporate Treasurer, Pensions Manager (Administration) and Group Accountant for Investments and Treasury Management. Total remuneration payable from the Pension Fund to key management personnel is set out below and has been apportioned based on an estimate of management personnel's time attributable to the Pension Fund.

2024-25		2025-26
£m		**£m**
0.2	Short-term benefits	0.2
0.2		**0.2**

23. Contingent liabilities and contractual commitments

As at 31 March 2026, the Fund had external outstanding capital commitments relating to Renewable Infrastructure of £54.7m (31 March 2025: £61.8m). Further outstanding capital commitments at 31 March 2026 totalled £5.8m (31 March 2025: £5.7m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

Investment Performance

INVESTMENT PERFORMANCE REPORT

Performance Overview

The Fund's primary long-term investment objective is to achieve and maintain a funding level at, or close to 100% of the Fund's estimated liabilities and within this, to endeavour to maintain low and stable employers' contribution rates. To achieve its objective, the Pension Fund is invested across a diverse array of asset classes, on a global basis, which includes exposure to publicly listed equities, fixed income, multi-asset funds, infrastructure, property and private equity. The Fund accesses these asset classes through pooled fund vehicles, managed by specialist appointed fund managers in each case.

The pooling of assets for the Local Government Pension Schemes (LGPS) is mandatory. The London CIV is the asset pool operator for London LGPS Funds. As at 31 March 2026, 79% of the Pension Fund's assets (including commitments) are invested in funds on the London CIV's platform. The proportion of pooled assets is expected to increase to 100% by 30 September 2026 in line with the Pension Schemes At 2026 where all LGPS listed and unlisted assets are expected to be under the management of the Pool.

The year to 31 March 2026 was marked by heightened uncertainty and volatility across global financial markets, driven by geopolitical tensions, shifting trade policy and concerns about global economic growth. The first half of the year began with cautious optimism as inflation eased across developed economies and expectations of lower interest rates supported markets, alongside gradual rate cuts by the Bank of England. However, sentiment weakened following the introduction of new United States trade tariffs under the Trump Administration, which triggered a sharp equity market sell off during the second quarter of 2025, although markets recovered strongly by the end of the period. Market conditions improved through the middle of the year as equity markets advanced despite ongoing geopolitical pressures. Strong corporate earnings, continued momentum in Artificial Intelligence related investments and emerging signs of monetary policy easing supported risk assets, pushing global equity indices to new all-time highs by mid-September, led by the United States. During the final quarter of calendar year 2025, markets delivered steady gains, while investor positioning became more defensive amid uncertainty in large technology stocks. Bond yields declined, gold prices rose on renewed safe-haven demand, and UK markets were relatively stable following a better than expected response to the Autumn Budget, easing inflation and a weaker pound. The first quarter of 2026 saw volatility as geopolitical tensions, energy market disruptions and shifting interest rate expectations unsettled markets. Rising energy prices added inflationary pressure, equities were uneven, and bonds sold off as expectations for rate cuts faded, leaving investor sentiment cautious and reinforcing the need for appropriate diversification.

The Pension Fund's investments generated an annual return of +6.8% in the year to 31 March 2026, which outperformed the Fund's actuarially assessed absolute return target of +5.2% per annum. Over the longer term the Fund is underperforming its absolute return target over five years, but outperforming over three years, although the Fund trailed its asset allocation benchmark over all time horizons. The City of London Corporation sets out to maintain a diversified asset allocation strategy to seek broad exposure to different sources of risk and return via the Pension Fund's investment strategy, and this approach has delivered robust returns over the past year.

Asset Allocation

The planned asset allocation for 2025/26 as per the Investment Strategy Statement (page 74) against the actual asset allocation as at 31 March 2026 was as follows:

Asset Class	Position as at 31/03/2026	Strategic target as at 31/03/2026	Range
	%	%	%
Listed Equities	49.0	45.0	35.0 – 55.0
Private Equity*	1.0	2.0	0.0 – 4.0
Private Credit	0.0	0.0	N/A
Property / Real Estate	7.0	9.0	4.0 – 14.0
Infrastructure*	11.0	13.0	8.0 -18.0
Other Alternatives	8.0	7.0	2.0 – 12.0
Credit	22.0	15.5	10.5 – 20.5
UK Government Bonds	0.0	7.5	4.5 – 10.5
Cash	2.0	1.0	0.0 – 3.0
Total	**100.0**	**100.0**	

*The percentage allocations in the table above for infrastructure, renewable infrastructure and private equity as at 31 March 2026 do not include outstanding commitments that represent approximately 3.7% of the total Fund value.

The asset allocation as at 31 March 2026, is as per the next table. All assets have been categorised per their status with the London CIV: pooled, under pool management and not pooled.

Asset values as at 31 March 2026	Pooled	Under pool management	Not pooled	Total
	£m	£m	£m	£m
Equities	654.9	0	149.5	**804.4**
Bonds	232.6	0	0	**232.6**
Property	0.0	40.9	76.3	**117.2**
Diversified Growth Funds	250.2	0	0.0	**250.2**
Private equity	0.0	0	14.4	**14.4**
Infrastructure*	19.4	0	159.3	**178.7**
Cash	0	0	32.3	**32.3**
Total	**1,157.1**	**40.9**	**431.8**	**1,629.8**

*The Pension Fund has a £75m (5%) commitment to the LCIV Renewable Infrastructure Fund of which £20.3m (1%) has been drawn down.

In order to provide additional information on investment in the UK, the relevant assets have been identified and disclosed in the table below. This includes some but not all of the assets included in the table above. As per guidance issued by the Government, the amounts below include the outstanding commitment to the LCIV Renewable Infrastructure Fund.

Asset values as at 31 March 2026	Pooled	Under pool management	Not pooled	Total
	£m	**£m**	**£m**	**£m**
UK Listed Equities	32.3	0.0	139.4	**171.7**
UK Government Bonds	6.1	0.0	0.0	**6.1**
UK Infrastructure	19.5	0.0	16.3	**35.8**
UK Private Equity	0.0	0.0	3.1	**3.1**

Pension Fund Investment Performance

The investment performance of the Pension Fund is subject to regular monitoring by the City of London's custodian BNY, City Officers, the Investment Consultant and the Pensions Committee. Following the 2022 actuarial review the administering authority undertook an investment strategy review in 2023/24 and the Pensions Committee set an absolute return target of 5.2% p.a. effective from 1 April 2020 (previously 5.7% p.a.). Performance against this measure is shown in the table underneath. Following the 2025 actuarial review and investment strategy review in 2025/26, the Pensions Committee set an absolute return target of 5.0% p.a. effective from 1 April 2026.

	2025/26 %	Last 3 Years % p.a.	Last 5 Years % p.a.
Pension Fund Returns			
Fund Return*	6.8	6.2	4.8
Return Benchmark (5.2% p.a.)	5.2	5.2	5.2
Relative Return	**1.6**	**1.0**	**(0.4)**

*The above table only reflects the returns on financial assets monitored by the Pension Fund's custodian and therefore does not include holdings in Private Equity, DIF Infrastructure IV, LCIV Renewable Infrastructure Fund or the shareholding in the London CIV Ltd, which combined represents approximately 3% of the Pension Fund's overall value.

Individual fund manager performance on an absolute basis and relative to an assigned benchmark is shown overleaf.

Individual Fund Manager Performance

The table below shows the performance of the individual fund managers (net of fees) that managed Pension Fund assets as at 31 March 2026.

	Manager	2025/26 %	Last 3 Years % p.a.	Last 5 Years % p.a.
UK Equities	**Artemis**			
	Absolute	13.1	14.0	10.5
	Benchmark (FTSE All Share)	21.5	13.3	11.1
	Relative	(8.4)	0.7	(0.6)
Overseas Equities	**LCIV Alpha Growth Fund (Baillie Gifford)**			
	Absolute	10.1	8.0	2.3
	Benchmark (MSCI AC World)	17.5	14.1	10.5
	Relative	(7.4)	(6.1)	(8.2)
	LCIV Global Equity Value (Wellington)*			
	Absolute	17.9	n/a	n/a
	Benchmark (MSCI AC World)	18.0	n/a	n/a
	Relative	(0.1)	n/a	n/a
	LCIV Global Equity Quality (Morgan Stanley)*			
	Absolute	(10.6)	n/a	n/a
	Benchmark (MSCI AC World)	18.0	n/a	n/a
	Relative	(28.6)	n/a	n/a
	LCIV PEPPA (Statestreet)*			
	Absolute	n/a	n/a	n/a
	Benchmark (MSCI AC World)	n/a	n/a	n/a
	Relative	n/a	n/a	n/a
Multi-asset	**LCIV Absolute Return (Ruffer)#**			
	Absolute	8.2	1.8	2.9
	Benchmark (SONIA + 3%) (formally CPI + 4%)	6.9	6.8	9.1
	Relative	1.3	(5.0)	(6.2)
Multi-asset Credit	**LCIV ACF (CQS)**			
	Absolute	5.7	9.3	4.9
	Benchmark (SONIA + 4%)	8.2	8.8	7.4
	Relative	(2.5)	0.5	(2.5)

	Manager	2023/24 %	Last 3 Years % p.a.	Last 5 Years % p.a.
Corporate Bonds	**LCIV B&M (Short duration) (Insight)**			
	Absolute	4.4	n/a	n/a
	Benchmark (iBoxx GBP Coll & Corp 0-5)	4.7	n/a	n/a
	Relative	(0.3)	n/a	n/a
	LCIV B&M (Long duration) (Insight)			
	Absolute	3.8	n/a	n/a
	Benchmark (iBoxx GBP Coll Corp 10+)	4.0	n/a	n/a
	Relative	(0.2)	n/a	n/a
UK Property	**Aviva Lime**			
	Absolute	4.0	2.6	1.3
	Benchmark (Gilts + 1.5%)	3.3	0.0	(5.0)
	Relative	0.7	2.6	6.3
	M&G SPIF			
	Absolute	8.0	4.9	0.5
	Benchmark (RPI + 3%)	7.1	6.9	9.7
	Relative	0.9	(2.0)	(9.2)
	M&G UK Residential			
	Absolute	1.5	1.1	1.2
	Benchmark (6%)	6.0	6.0	6.0
	Relative	(4.5)	(4.9)	(4.8)
Infrastructure	**IFM**			
	Absolute	11.3	6.8	11.4
	Benchmark (CPI + 4%)	7.3	7.0	9.2
	Relative	4.0	(0.2)	2.2
	JP Morgan			
	Absolute	13.9	n/a	n/a
	Benchmark (CPI + 4%)	7.3	n/a	n/a
	Relative	6.6	n/a	n/a

*No performance data is available for the LCIV PEPPA Fund as initial investment were made during Q1 2026.

[#] The Pension Fund transitioned its investment in the Ruffer Absolute Return Fund to the LCIV Absolute Return Fund (managed by Ruffer) in March 2026, at which point the benchmark was changed from CPI +4% (as chosen by the Financial Investment Board) to SONIA +3% (as chosen by the LCIV).

POOLING AND INVESTMENT MANAGEMENT COSTS REPORT

In 2015, the UK Government initiated a major reform of the Local Government Pension Scheme (LGPS) when it invited administering authorities in England and Wales to develop regional asset pools for investment. The City of London Corporation joined other London local authorities in creating the London Collective Investment Vehicle (CIV), a regional pool operator for the capital. The London CIV has £38.1bn of LGPS assets under management as at 31 March 2026. It is currently developing its fund range to meet the investment needs of London's LGPS pension funds.

In 2025/26, the Fund transitioned £308m, the equivalent of 19% of assets under management to the pool due to the availability of appropriate strategies. This was in addition to the £33m surplus cash invested into the LCIV B&M (Long duration) and the £7.0m that was drawn down from the London CIV Renewable Infrastructure Fund (RIF). These transfers have increased the funds pooled percentage to 75%, with a remaining 3% commitment to the RIF. The remaining 26% of un-pooled assets have yet to be transferred as no suitable funds are available on the pool platform, however the assets will be transferred to the management of the London CIV before the 30 September 2026 deadline. More information on the Fund's approach to pooling can be found in the Investment Strategy Statement, at page 74.

Pooled Investment Assets

The Pension Fund has transitioned four investment mandates to the London CIV (global equities, multi-asset credit, multi-asset and corporate bonds) which are invested in the funds as named in the table below.

The Pension Fund has also made a £75m commitment to the LCIV RIF of which c.£20.3m has been drawn down as at 31 March 2026.

In addition, on the 1 July 2024, the Pension Fund's investment in the M&G UK Residential Fund (M&G UKRF) was moved across to the London CIV for them to manage.

Fund	Value as at 31 March 2026	
	£m	%
LCIV Global Alpha Growth	206.4	13%
LCIV Global Equity Value	134.2	8%
LCIV Global Equity Quality	138.0	9%
LCIV Passive Equity Progressive Paris Aligned	176.1	11%
LCIV Alternative Credit Fud	127.4	8%
LCIV Absolute Return Fund	122.7	8%
LCIV Buy & Maintain – Short duration	105.3	7%
LCIV Buy & Maintain – Long duration	127.3	7%
LCIV Renewable Infrastructure	19.4	1%
M&G UK Residential	40.9	3%
Total	**1,197.7**	**75%**
Outstanding commitment	54.7	4%
Total including commitments	**1,252.4**	**79%**

Pool set-up and ongoing management costs

The below table summarises pooling costs incurred by the City of London Corporation during 2025/26 and to date.

	2025/26 £'000	Cumulative £'000
Set up costs		
- Shareholding at cost	70	220
- Development funding costs	73	735
Ongoing management costs		
- Annual service charge	25	275
- Investment Management costs	2,479	9,576
Total	**2,647**	**10,806**

The City of London Corporation has contributed a total of £735k towards the development of the London CIV as at 31 March 2026, including £73k in 2025/26. The Pension Fund also has a shareholding in the London CIV valued at £220k at cost.

In addition to these set up costs, the Corporation has also incurred ongoing management costs from the London CIV, which can broadly be categorised as follows:

- An annual service charge of £25k which has been payable since 2015/16; and
- Investment management costs which commenced in 2018/19 when the Pension Fund initiated investments in the London CIV. This expenditure amounted to £2,479k in 2025/26 (2024/25: £1,685k).

Investment management costs

Investment management costs totalled £7,767k in 2025/26 (£7,195k in 2024/25) as disclosed in the Pension Fund Accounts above. A breakdown of pooled and non-pooled investment management costs for the year by asset class and by fee type is provided below.

2025/26	Pooled assets	Non-pooled assets	Total
	£'000	£'000	£'000
Asset Class			
- Infrastructure	13	2,196	2,209
- Pooled investments	2,960	1,075	4,035
- Pooled property investments	294	307	601
- Private equity	-	922	922
TOTAL	**3,267**	**4,500**	**7,767**
Fee type			0
- Management fees	2,457	3,366	5,823
- Performance related fees	-	1,565	1,565
- Transaction costs	182	197	379
TOTAL	**2,639**	**5,128**	**7,767**

The Pension Fund's savings achieved for the year ended 31 March 2026 as a result of pooling assets via the London CIV is shown in the table below. The net savings have been calculated by the London CIV.

Total Assets Under Management	Total Gross Savings	LCIV Management Fee	Service charge and DFC	Net Savings
£m	£'000	£'000	£'000	£'000
1,137	1637.0	315.0	98.0	1,224

Responsible Investment

The London CIV has adopted a responsible investment policy which is available from the organisation's website at the following address: https://londonciv.org.uk/responsible-investment

London CIV Annual Report

The London CIV's Annual Report for 2025/26 can be obtained from the organisation's website at: https://londonciv.org.uk/reports-and-regulatory-information

Contact Details

The contact details for the London LGPS CIV Ltd are as follows:

Email: info@londonciv.org.uk

Tel: 0208 036 9000

Website: https://londonciv.org.uk

RESPONSIBLE INVESTMENT REPORT

The City of London Corporation (the Corporation) is committed to being a responsible investor and the long-term steward of the assets in which it invests. It expects this approach to protect and enhance the value of assets over the long term.

Our approach is grounded in the recognition that poor management of environmental, social and governance ("ESG") issues can cause material harm. We therefore believe that it is consistent with our fiduciary duties to manage ESG risks proactively. Accordingly, we seek to integrate ESG issues throughout the investment decision making process and to execute our stewardship responsibilities effectively. Indeed, as active asset owners we wish to use our influence to engage for change. We understand that our chances of success are greatly enhanced through collaboration with others and thus set high expectations amongst our appointed external investment managers and advisors.

Annual Overview

Climate action

We recognise the material threat posed by climate change to almost every activity. In 2020, the Corporation published its Climate Action Strategy, which commits the organisation to achieving net zero carbon emissions across the organisation and set out specific targets for our financial investments, including aligning investments with the Paris climate accord. Work continues to enable us to meet this ambition. We have completed a deep dive dialogue round with our current external managers and the London CIV to understand and map their preparedness for the climate transition as well as to offer encouragement and engender progress amongst our key partners. As a culmination of this initial phase of work, in February 2021, the Financial Investment Board which at that time were responsible for the financial investments held by the Pension Fund agreed a revised Responsible Investment Policy, consistent with the Climate Action Strategy which raises expectations amongst our external partners and advisors.

In February 2026, the Pensions Committee agreed a separate Pension Fund Responsible Investment Policy. The policy aims to ensure the LCIV can deliver positive real-world outcomes whilst maintaining that the Pension Fund believes that monitoring and engaging with companies promotes long-term success.

The City of London Corporation completed its third Taskforce on Climate Related Financial Disclosures (TCFD) aligned report, which was released in July 2026, and is done every two years. Although the TCFD was disbanded in December 2023 following completion of its mandate, its recommendations have been fully incorporated into the ISSB's IFRS Sustainability Disclosure Standards. UK climate-reporting requirements remain primarily TCFD-aligned, although regulators and policymakers are progressively considering the adoption of ISSB-based reporting frameworks across different sectors.

Next Steps

Work continues over the near future to advance further the Corporation's responsible investment practices, including the re-assessment of the City Corporation's Financial Investments Net-Zero pathway post 2027. We recognise the significant level of work required to realise our ambitious climate commitments. We will continue to work with the London CIV ensuring that they engage with the underlying Investment Managers on our behalf to deliver positive real-world outcomes and promote long-term success.

Appendices

POLICY AND GOVERNANCE COMPLIANCE STATEMENT

The Scheme

Regulation 55 of the Local Government Pension Scheme Regulations 2013 requires all administering authorities for local government pension schemes to publish a Governance Compliance Statement setting out the Fund's governance arrangements. Information on the extent of the Fund's compliance with guidance issued by the Secretary of State for Levelling Up, Housing and Communities is also a requirement of this regulation.

The Local Government Pension Scheme (LGPS) was established in accordance with statute to provide death and retirement benefits for all eligible employees. The LGPS is a funded scheme, with employee contribution rates ranging from 5.5% to 12.5% and employer rates being variable depending on the funding level assessed every three years by the fund actuary. Benefits are defined in law and inflation-proofed in line with increases in the Consumer Price Index (CPI) for September. The scheme is operated by designated administering authorities - each maintains a fund and invests monies not needed immediately. The Court of Common Council is a designated administering authority.

The Pensions Committee

On 21 April 2022, the Pensions Committee was formally appointed to undertake statutory functions on behalf of the LGPS and ensure compliance with the Local Government Pensions Scheme Regulations, relevant legislation and best practice as advised by the Pensions regulator.

With effect from the date of appointment, the Pensions Committee oversees all matters in relation the Pensions, previously covered by the Financial Investment Board and Finance Committee. Responsibilities include:

- Reviewing strategies and policies such as investments, responsible investment, funding and administration of the Pension Fund.
- Monitoring the Pension Fund's investment arrangements including asset allocation, the performance of investment managers and advisors, and asset pooling arrangements (noting that the Pension Fund is a shareholder of the London CIV pool).
- Ensuring the Corporation effectively discharges its obligations to scheme members and employers as an administrating authority.
- Working with, receiving and considering comments from the Local Government Pensions Board (a scrutiny and non-decision-making body established under the Regulations) in pursuit of good governance of the LGPS.

No member of the Pension Committee may be a Member of the Local Government Pensions Board or be the Chair/Deputy Chair of the Corporate Services Committee, Finance Committee or the Policy & Resources Committee simultaneously. The membership of the Committee is as below:

- Up to seven Members elected by the Court of Common Council, at least one of whom shall have fewer than five years' service on the Court at the time of their appointment.
- Up to three independent members co-opted to the Committee on the advice of the Chamberlain, with voting rights.

The quorum consists of any three elected members and the Committee will meet a minimum of four times a year.

The Pensions Board

With effect from 1 April 2015, all administering authorities are required by the Public Services Pensions Act 2013 to establish a Pensions Board to assist them. The City of London Corporation Pensions Board was established by the Court of Common Council on 5 March 2015.

The role of the Pensions Board is to assist the administering authority with scrutinising the adequacy of arrangements in place to meet the requirements of scheme regulations and the extent to which local policy and guidance is fit for purpose. The Board does not have a decision-making role in relation to management of the Fund but is able to make recommendations to the Pensions Committee. In line with the requirements of the Public Services Pensions Act 2013 for the management of the City of London Corporation's Pension Scheme, the Board will be responsible for assisting the Scheme Manager (the City of London Corporation) in the following matters:

a) Securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that it is connected to;
b) Securing compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator; and
c) Other such matters as the scheme regulations may specify.

The membership of the Board is as follows:

- Three employer representatives comprising one officer and two Common Councilman
- Three scheme member representatives for the Pension Fund.

All Members of the Board will be eligible to stand as Chair and Deputy Chair and to vote on the election to these positions. To allow reports on the work of the Committee to be made to the Court of Common Council, either the Chair or Deputy Chair must be a Member of the Court of Common Council. The quorum of the Board will consist of three Members, including one employer representative and one scheme member representative. The Board will meet a minimum of twice a year.

Committee and Board Member Training

All Pensions Committee and Pensions Board Members are required to have the necessary skills and knowledge to effectively discharge their responsibilities. In order to support Member's knowledge and understanding, Members are required to complete to the Pension Regulator (tPR) Public Service Toolkit (7 modules) and the current Actuary's (Barnett Waddingham (BW)) 'Enlighten!' online training (6 modules). Both the Pensions Committee and Pensions Board Members are expected to comply with a training policy on knowledge and understanding, including undertaking an annual review of their knowledge and skills to identify gaps and weaknesses. Below is a record of the Members' completion of the training.

		tPR Training (7 Modules)	BW Training (6 Modules)
Pensions Committee	Deputy Timothy Butcher (Chairman)	7 Modules	6 Modules
	David Sales (Deputy Chairman)	7 Modules	0 Modules
	Alderman Gregory Jones KC	0 Modules	0 Modules
	Deputy Christopher Boden	7 Modules	0 Modules
	Alderman Simon Pryke	7 Modules	0 Modules
	Stephen Hodgson (Joined Jan 2026)	0 Modules	0 Modules
	Clare James (Independent Member)	7 Modules	6 Modules
Local Government Pensions Board	Peter Lisley (Chairman)	7 Modules	6 Modules
	Mark Wheatley (Deputy Chairman)	7 Modules	0 Modules
	David Pearson	6 Modules	1 Modules
	Christina McLellan	7 Modules	4 Modules
	Paul Wilkinson	7 Modules	6 Modules

During the year, the Local Government Pensions Board were offered a training session on the Pensions Portal run by Officers. Attendance of the training session was monitored and the Members who attended the training is summarised below.

Additional Board Training
Peter Lisley (Chairman)
Paul Wilkinson
Christina McLellan

Conflicts of Interest

All Members of the City of London Corporation Common Council are required to make a declaration on the register of interests held centrally by the Town Clerks department, more information in relation to the Members of the Common Council can be found here.

The Pension Fund is invested in the London CIV, the asset pool operator for the London LGPS Funds. The Chief Commercial Officer, who is also a member of the executive committee at the London CIV (Andrien Meyers) sits as an independent Member of the City of London Corporation and currently is Deputy Chair of the Finance Committee.

Freedom of Information Requests

The public have the right to ask to see recorded information held by public authorities, as set out in the Freedom of Information Act 2000. During the year, the Fund received 19 Freedom of Information requests (FOIs), all of which were responded to within the statutory deadline of 20 working days. The most common FOI request was in relation the Pension Fund's Alternative Asset Portfolio.

Code of Transparency

Following the shift towards investment management fee transparency and consistency within the LGPS, the Scheme Advisory Board (SAB) has developed a voluntary Code of Transparency for LGPS asset managers. Transparency is also a target for the revised CIPFA accounting standard issued for inclusion in the statutory annual report and accounts and is included in the government's investment reform guidance and criteria for LGPS pooling.

The Code is voluntary and details the provision of transparent and consistent investment cost and fee information between investment managers and administering authorities. Signatories to the code are required to complete a template which details management expenses associated with the running of the fund, including direct and indirect costs.

Asset managers which sign up to the code are required to put systems in place within 12 months of signing up to allow the automatic submission of the templates to each Administrating Authority. The SAB reserves the right to remove any signatory which is reported by an Administering Authority to be in breach of the code.

The Pension Fund encourages all Investment Managers to complete the templates and used the data completed by the managers to compile the management expenses of the Pension Fund at a detailed level.

Compliance with Statutory Guidance

It is a regulatory requirement that the Fund publishes the extent to which it complies with statutory guidance issued by the Secretary of State for Housing, Communities and local government. This statement will be kept under review and updated as required.

CITY OF LONDON CORPORATION PENSION FUND

ASSESSMENT OF COMPLIANCE WITH MHCLG BEST PRACTICE PRINCIPLES

	Principle	Narrative from Guidance Note	Compliance?
A	Structure	*(a) the Management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.*	Full compliance. Responsibility for all management (investment management and management/administration of benefits) is overseen by the Pensions Committee.
		(b) that representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Partial compliance. Representatives of scheduled bodies admitted body employers, unions, employees or pensioners are not included on the Pensions Committee. The Pensions Board has three employer representatives and three scheme member representatives.
		(c) that where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Not applicable. Reports and decisions are communicated between Committees as appropriate (either by minutes or resolution).
		(d) that where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Not applicable as no secondary committee or panel exists.

	Principle	Narrative from Guidance Note	Compliance?
B	Representation	(a) that all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:	
		(i) employing authorities (including non-scheme employers, e.g. admitted bodies)	Partial compliance. Representatives of scheduled or admitted bodies, scheme members or pensioners are not included in committee structure but do have equal access to all non-confidential papers and meetings.
		(ii) scheme members (including deferred and pensioner scheme members)	
		(iii) where appropriate, independent professional observers	The Pension Fund does not currently have independent professional observers but does have an independent Member.
		(iv) expert advisers	Full compliance. The investment consultant, Mercer Ltd, attended all meetings of the Pensions Committee.
C	Selection and Role of Lay Members	(a) that committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.(It is the role of the administering authority to make places available for lay members (i.e. non-elected members representing other employers or stakeholders) and for the groups to nominate the representatives. The lay members are not there to represent their own local, political, or private interest but owe a duty of care to their beneficiaries and are required to act in their best interests at all times.)	Full compliance. The Pensions Committee can appoint up to three Independent Members, for which one has been appointed.
		(b) that at the start of any meeting, Committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	Full compliance. This is standard practice at all Committee meetings.

	Principle	Narrative from Guidance Note	Compliance?
D	Voting	*(a) the policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.*	Full compliance. Each member holds one vote on the respective committee. No other bodies or groups are represented.
E	Training / Facility Time / Expenses	*(a) that in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.* *(b) that where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.* *(c) that the administering authority considers the adoption of annual training plans for Committee members and maintains a log of all such training undertaken.*	Partial Compliance. Members of the Pensions Committee are expected to undertake the Pension Regulator's online training (public sector pension scheme modules), the Actuary 'Barnett Waddingham's' online training as well as attend training sessions Officers organise.
F	Meetings - Frequency	*(a) that an administering authority's main committee or committees meet at least quarterly.*	Full compliance. The Pensions Committee met at least 4 times per year.
		(b) that an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	Not applicable. No secondary committee or panel exists.
		(c) that an administering authority who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	Not applicable. No outside forum exists.

	Principle	Narrative from Guidance Note	Compliance?
G	Access	*(a) that subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main Committee.*	Full compliance. Agenda papers, etc., provided to the relevant Committee Members and available to all Members.
H	Scope	*(a) that administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.*	Partial compliance. Whilst the Fund does not currently use independent professional observers, officers monitor and advise on governance issues and report to the appropriate committee
I	Publicity	*(a) that administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.*	Partial compliance. Governance Statements and Annual Accounts are posted on the City of London website and policy documents and information is circulated to scheme members on a regular basis.

City of London Corporation Pension Fund Policies

The following policies can be found on the City of London Pensions website and links have been included below.

Funding Strategy Statement	www.cityoflondonpensions.org/resources/colc-funding-strategy-statement-2025/
Investment Strategy Statement	www.cityoflondonpensions.org/resources/colc-pension-fund-investment-strategy-statement-2026/
Communications Policy	www.cityoflondonpensions.org/resources/colc-pension-fund-communications-policy-statement/

GLOSSARY OF TERMS

Actuarial Valuation - a review of the Pension Fund by a qualified Actuary, which takes place every three years to ensure that employers' contributions are sufficient to maintain the solvency of the Fund in the long term.

Actuarial gains and losses - for a defined benefit pension, changes in actuarial deficits or surpluses that arise because:

a. events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
b. the actuarial assumptions have changed.

Actuary - an independent qualified consultant who carries out the Actuarial Valuation and who assesses risks and costs, in particular those relating to life assurance and investment policies, using a combination of statistical and mathematical techniques.

Administering Authority - a local authority required to maintain a pension fund under LGPS regulations.

Asset allocation - the apportionment of a fund's assets between asset classes and/or markets.

Benchmark - a 'notional' fund or model portfolio which is developed to provide a standard against which a manager's performance is measured.

Bond - a certificate of debt, paying a fixed rate of interest, issued by companies, governments or government agencies.

Career Average Revalued Earnings (CARE) Scheme – A defined benefit pension scheme with benefits based on earnings and membership. Pension is based on a proportion of actual earnings in any year (1 April to 31 March) and annually adjusted for inflation.

Current asset - an asset held which will be consumed or cease to have value within the next financial year; examples are stock and debtors.

Current liability - an amount which will become payable or could be called in within the next accounting period; examples are creditors and cash overdrawn.

Current service cost (pensions) - the increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Curtailment (pensions) - for a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

a. termination of employees' services earlier than expected, for example as a result of discontinuing an activity; and
b. termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Custodian - safekeeping of securities by a financial institution. The custodian will keep a register of holdings and will collect income and distribute monies according to client instructions.

Defined benefit scheme - a pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits, most commonly by pay and period of membership. This is independent of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Defined contribution scheme - a pension or other retirement benefit scheme into which an employer (and usually the employee) pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Equities - ownership positions (shares) in companies that can be traded on public markets, often producing income that is paid in the form of dividends.

Expected rate of return on pensions assets - for a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Final Salary Scheme – A defined benefit pension scheme with benefits based on earnings and membership. Pension is based on a proportion of final salary.

Fund Managers - appointed by the Investment Sub Finance Committee to carry out day-to-day investment decisions for the Fund within the terms of their Investment Management Agreement.

Index - a benchmark for the performance of a group of shares or bonds.

Interest cost (pensions) - for a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investment adviser - a professionally qualified individual or company whose main livelihood is derived from providing objective, impartial investment advice to companies, pension funds or individuals.

Investment properties - interest in land or buildings that are held for investment potential.

Local Government Pension Scheme (LGPS) is a public service statutory Defined Benefit (DB) pension scheme

Local Government Pensions Board is a board of equal numbers of employer and employee members representatives created as part of the Public Service Pensions Act 2013 to assist the scheme manager in the administration of the LGPS

Mandate - a set of instructions given to the Fund Manager by the client as to how a fund is to be managed (e.g. targets for performance or the Manager may be prohibited from investing in certain stocks or sectors).

Outperformance / underperformance - the difference in returns gained by a particular fund against the 'average' fund or an index or benchmark over a specified time period.

Past service cost (pensions) - for a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Performance - a measure, usually expressed in percentage terms, of how well a fund has done over a particular time period - either in absolute terms or as measured against the benchmark.

Portfolio - term used to describe all investments held.

Private equity - investments in new or existing companies and enterprises which are not publicly traded on a recognised stock exchange.

Projected unit method - an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

a. the benefits for pensions and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and
b. the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

Risk - generally taken to mean the variability of returns.

Scheme liabilities - the liabilities of a defined benefits pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Securities - investment in company shares, fixed interest or index-linked stocks.

Vested rights - in relation to a defined benefit pension scheme, these are:

a. for active members, benefits to which they would unconditionally be entitled to on leaving the scheme;
b. for deferred pensioners, their preserved benefits; and
c. for pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouse.