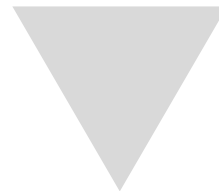
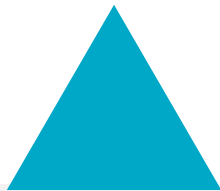


HEALTH WEALTH CAREER

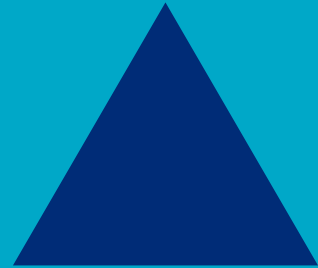
# LAMBETH PENSION FUND

QUARTER TO 31 DECEMBER  
2020

INVESTMENT PERFORMANCE  
REPORT



# ASSET CLASS OVERVIEW AND PERFORMANCE



# ASSET ALLOCATION BY ASSET CLASS

Asset Class	Actual Asset Allocation				Target Benchmark (%)
	Start of Quarter (£m)	End of Quarter (£m)	Start of Quarter (%)	End of Quarter (%)	
LDI	238.6	240.7	14.2	13.5	15.0
Global Equity	634.4	707.0	37.7	39.6	30.0
Emerging Markets Equity	163.6	191.8	9.7	10.7	10.0
Property	126.2	124.0	7.5	6.9	15.0
UK Private Rented Sector Property	42.5	42.7	2.5	2.4	
Diversified Growth	81.5	-	4.8	-	-
SPV	0.5	0.5	0.0	0.0	-
Private Equity	69.4	64.2	4.1	3.6	5.0
Multi-Asset Credit	213.4	345.3	12.7	19.3	12.0
Private Debt	35.2	38.1	2.1	2.1	12.0
Cash	76.3	31.2	4.5	1.7	1.0
<b>Total</b>	<b>1,681.7</b>	<b>1,785.3</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Investment Managers and Mercer.

Figures may not sum to total due to rounding.

Benchmark allocation includes the private equity portfolio managed by Adams Street. For performance measurement purposes we exclude the allocation to private equity.

Diversified Growth asset class is composed by of Aviva's multi-strategy portfolios.

Private Equity and Private Debt end of quarter valuations were estimated based on the capital calls occurred over the quarter.

Private Debt valuation includes Churchill assets, converted from USD to GBP at the appropriate USD/GBP exchange rate.

Cash includes assets held by State Street and the transition account and RREEF..

## Rebalancing Framework

- As at 31 December 2020, the Fund's asset allocation was most notably overweight to global equity and most notably underweight to property and private debt.

# ASSET CLASS PERFORMANCE TO 31 DECEMBER 2020, NET OF FEES

Asset Class	Last Quarter		Last Year		Last 3 Years		Last 5 Years	
	Fund (%)	B'mark (%)	Fund (%)	B'mark (%)	Fund (% p.a.)	B'mark (% p.a.)	Fund (% p.a.)	B'mark (% p.a.)
Global Equity	11.4	8.2	37.4	12.8	18.9	10.2	20.3	14.2
Emerging Markets Equity	17.1	13.2	26.6	14.7	--	--	--	--
Property	-1.0	2.0	1.9	8.0	1.5	8.0	6.9	8.0
UK Private Rented Sector Property	0.6	1.4	1.9	-2.9	--	--	--	--
Multi-Asset Credit	5.1	1.0	1.7	4.5	--	--	--	--
Private Debt	-3.0	1.0	-2.1	4.5	--	--	--	--
LDI	0.8	0.9	-3.6	-3.5	-4.3	-4.3	--	--
<b>Total (ex-Adams Street)</b>	<b>7.1</b>	<b>4.4</b>	<b>19.4</b>	<b>9.5</b>	<b>8.8</b>	<b>6.7</b>	<b>10.2</b>	<b>8.6</b>

Figures shown are net of fees and based on performance provided by the Investment Managers, Mercer estimates and Thomson Reuters Datastream.

For periods over one year the figures in the table above have been annualised.

Total Scheme returns include quarterly returns for Private Debt calculated by Mercer using a Modified Dietz approach based on data provided by Churchill, Invesco and Thomson Reuters Datastream. Over the long term returns are chain linked using quarterly Total Fund returns.

Property benchmark return taken as an absolute return target of 8% p.a. for performance measurement purposes.

Multi-Asset Credit benchmark return taken as 3 Month Sterling LIBOR +4% p.a. for performance measurement purposes.

UK Private Rented Sector Property and Private Debt figures shown for all periods are calculated by Mercer using a Modified Dietz approach over each period and are based on data provided by Churchill, Invesco and Thomson Reuters Datastream.

- The Fund has outperformed the benchmark over all time periods shown to 31 December 2020.
- Performance over the 12 month period was particularly notable, at 9.9% ahead of benchmark.

# ASSET ALLOCATION BY MANAGER

Manager	Actual Asset Allocation				Target Benchmark (%)
	Start of Quarter (£m)	End of Quarter (£m)	Start of Quarter (%)	End of Quarter (%)	
Insight (LDI)	238.6	240.7	14.2	13.5	15.0
Baillie Gifford (London CIV)	357.8	397.6	21.3	22.3	15.0
RBC (London CIV)	276.6	309.4	16.4	17.3	15.0
JP Morgan (London CIV)	163.6	191.8	9.7	10.7	10.0
Invesco (Property)	126.1	124.0	7.5	6.9	15.0
Invesco (UK Private Rented Sector Property)	42.5	42.7	2.5	2.4	
PAAMCO (SPV)	0.5	0.5	0.0	0.0	-
Adams Street	69.4	64.2	4.1	3.6	5.0
Aviva	81.5	-	4.8	-	-
CQS (London CIV)	213.4	224.6	12.7	12.6	12.0
M&G	-	120.6	-	6.8	
Churchill	19.3	20.1	1.1	1.1	12.0
Permira	15.9	18.0	0.9	1.0	
Insight (Cash)	60.0	15.0	3.6	0.8	1.0
Transition Account	16.3	16.2	1.0	0.9	-
<b>Total</b>	<b>1,681.7</b>	<b>1,785.3</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Investment Managers and Mercer.  
 Figures may not sum to total due to rounding.

Benchmark allocation includes the private equity portfolio managed by Adams Street. For performance measurement purposes we exclude the allocation to private equity.

Adams Street and Permira end of quarter valuations were estimated based on the capital calls occurred over the quarter.

Churchill valuation was converted from USD to GBP at the appropriate USD/GBP exchange rate.

Transition account represents assets held by State Street. Foreign currency accounts balances were converted to GBP using the prevailing start and end of quarter exchange rate.

# INVESTMENT MANAGER PERFORMANCE TO 31 DECEMBER 2020, NET OF FEES

Manager	Last Quarter		Last Year		Last 3 Years		Last 5 Years	
	Fund (%)	B'mark (%)	Fund (%)	B'mark (%)	Fund (% p.a.)	B'mark (% p.a.)	Fund (% p.a.)	B'mark (% p.a.)
Insight (LDI)	0.8	0.9	-3.6	-3.5	-4.3	-4.3	--	--
Baillie Gifford (London CIV)	11.1	8.6	32.9	13.2	17.7	10.3	20.1	14.6
RBC (London CIV)	11.8	7.8	--	--	--	--	--	--
JP Morgan (London CIV)	17.1	13.2	26.6	14.7	--	--	--	--
Invesco (Property)	-1.0	2.0	1.9	8.0	1.5	8.0	7.0	8.0
Invesco (UK PRS)	0.6	1.4	1.9	-2.9	--	--	--	--
Aviva	-0.8	1.1	-2.3	5.1	0.4	5.2	--	--
CQS (London CIV)	5.3	1.0	1.9	4.5	--	--	--	--
M&G	0.7	0.3	--	--	--	--	--	--
Churchill	-5.5	1.0	-3.3	4.5	--	--	--	--
Permira	0.0	1.0	0.5	4.5	--	--	--	--
<b>Total (ex-Adams Street)</b>	<b>7.1</b>	<b>4.4</b>	<b>19.4</b>	<b>9.5</b>	<b>8.8</b>	<b>6.7</b>	<b>10.2</b>	<b>8.6</b>

Figures shown are net of fees and based on performance provided by the Investment Managers, Mercer estimates and Thomson Reuters Datastream.

For periods over one year the figures in the table above have been annualised.

Total Scheme returns include quarterly returns for Invesco (UK Private Rented Sector Property) and Churchill and Permira calculated by Mercer using a Modified Dietz approach based on data provided by investment managers and Thomson Reuters Datastream. Over the long term returns are chain linked using quarterly Total Fund returns.

Invesco (property) benchmark return taken as absolute return target of 8% p.a. for performance measurement purposes.

Aviva benchmark return taken as 6 Month Sterling LIBOR +4.3% p.a. for performance measurement purposes. Last quarter, year, three years and since inception performance is shown over periods from 30 September 2020, 31 December 2019, 31 December 2017 and 29 November 2016, respectively to 28 October 2020.

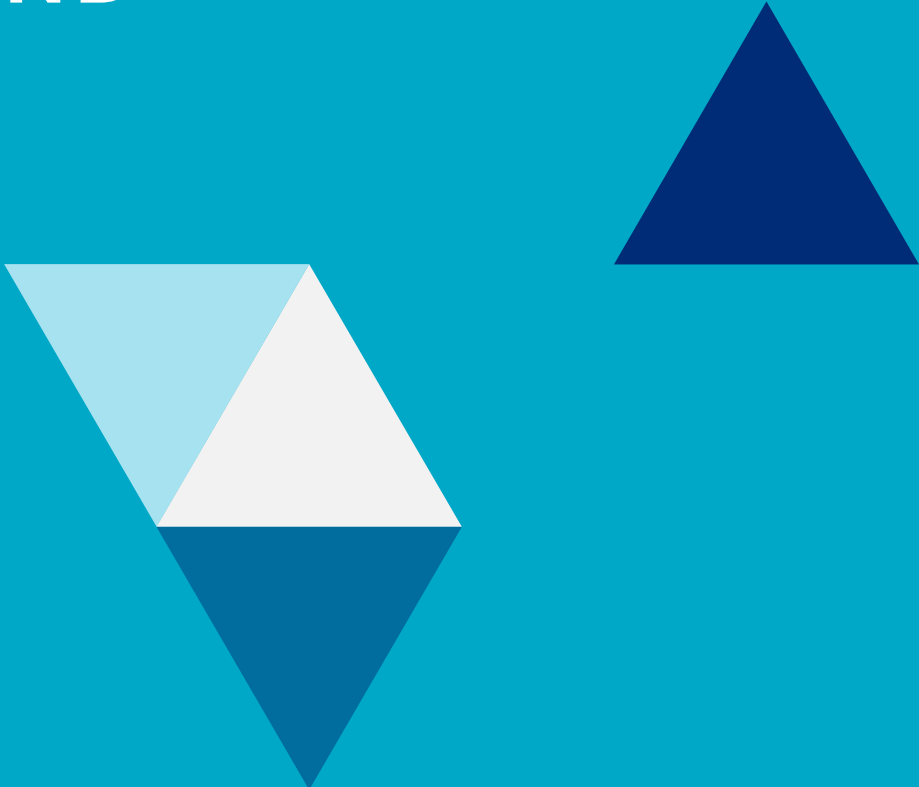
CQS, M&G, Churchill and Permira benchmark returns taken as 3 Month Sterling LIBOR +4% p.a. for performance measurement purposes.

M&G performance shown since inception, inception date taken as 1 December 2020 for performance measurement purposes.

Invesco (UK Private Rented Sector Property), Churchill and Permira figures shown for all periods are calculated by Mercer using a Modified Dietz approach over each period and are based on data provided by the Investment Managers and Thomson Reuters Datastream.

- The Fund outperformed the benchmark over the quarter to 31 December 2020, primarily as a result of outperformance in the global equity portfolios managed by Baillie Gifford and RBC and the emerging market equity portfolio managed by JP Morgan.

# MARKET BACKGROUND



# MARKET BACKGROUND PERFORMANCE OVER Q4 2020

Following the strong economic rebound during summer, the global economy started to slow again during the fourth quarter as restrictions gradually returned to all major regions. Nevertheless, the economic impact was not nearly as bad as in early 2020 as businesses were much better prepared this time. Good news regarding vaccine roll-out and positive developments on several political fronts led investors look beyond these setbacks and expectations were set towards a major recovery in 2021. This drove a risk-on rally, leading to another quarter of strong returns for risk assets and weaker performance for defensive assets.

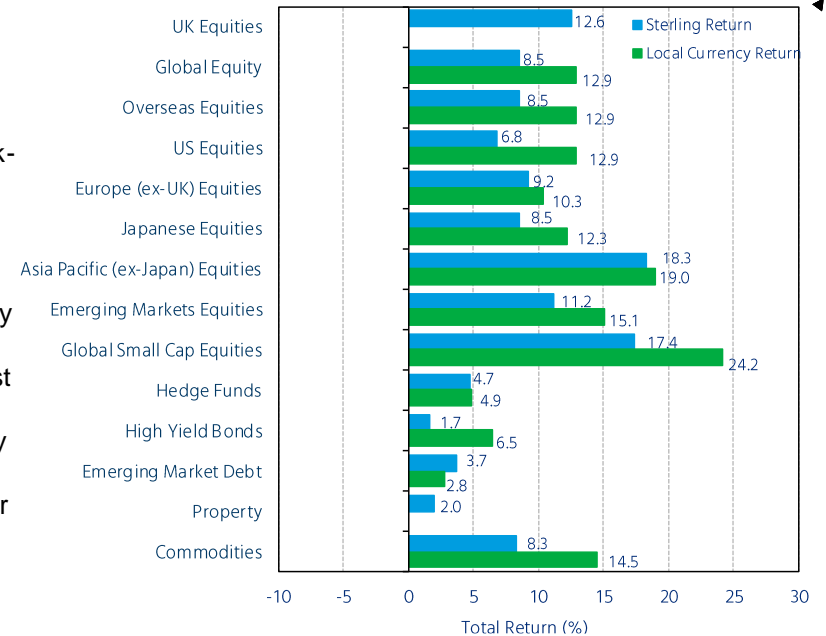
The US economy rebounded by 33.4% quarter-on-quarter (annualised) to the end of September 2020 which is the biggest expansion ever. Early estimates for the fourth quarter of 2020 indicate low single digit growth at best after restrictions returned to many US states. Monetary and fiscal policy remained very loose, with the Federal Reserve committing to keeping asset purchases at currently levels for the coming months at least and a \$900bn fiscal stimulus package was approved. Investors were relieved after the November election yielded what was perceived to be a centrist and fairly market friendly US government.

China is still furthest ahead in terms of economic recovery after its GDP rebounded over the last two quarters with lost output in early 2020 already fully recovered. Emerging markets outside East Asia remain more severely affected by COVID-19 and except for India, case growth is still at peak levels even if a weaker US Dollar and a recovery in natural resources prices has helped the many commodity exporting countries in this region.

Quarter-on-quarter GDP also saw record rebounds over the third quarter for the Eurozone and Japan of 12.5% and 5.3% respectively (non-annualised). Whilst Japan is expected to see low growth over the fourth quarter, renewed lockdowns in Europe that started early in the quarter are expected to result in negative GDP growth in low single digits for the Eurozone for the fourth quarter.

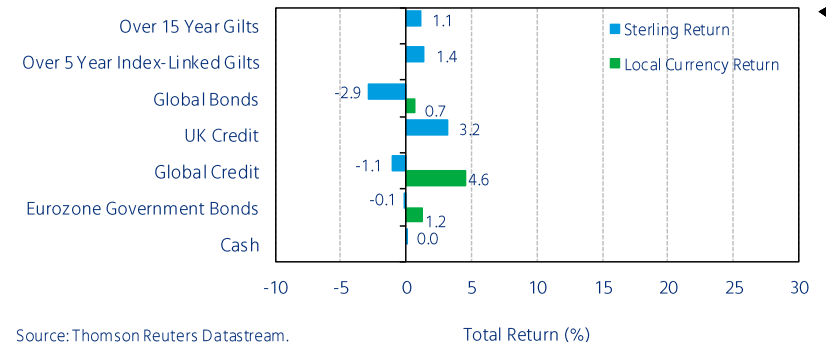
In the UK, quarter-on-quarter GDP rebounded by 16% to the end of June (non-annualised). Headline CPI inflation marginally fell to 0.3% at the end of November from 0.5% at the end of September. The Brexit deal at year end was major good news but this was tempered by large swathes of the country entering Christmas in full lockdown after a more contagious strain of COVID-19 started to spread across London and the South East.

## Growth Assets - Index Performance



Source: Thomson Reuters Datastream.

## Defensive Assets - Index Performance

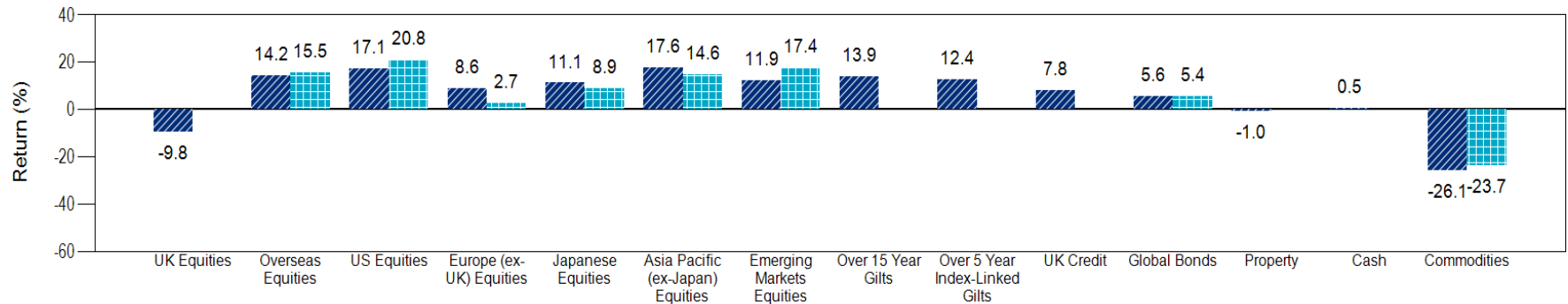


Source: Thomson Reuters Datastream.



# MARKET BACKGROUND PERFORMANCE OVER 1 AND 3 YEARS TO 30 SEPTEMBER 2020

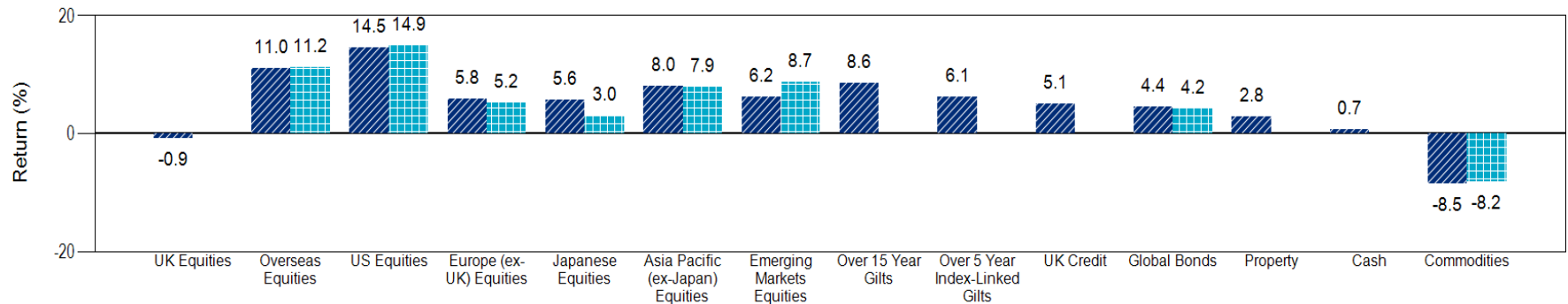
## 1 Year Performance to 31 December 2020



Source: Thomson Reuters Datastream

■ Sterling Return ■ Local Currency Return

## 3 Years Performance to 31 December 2020



Source: Thomson Reuters Datastream

■ Sterling Return ■ Local Currency Return

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- The valuation of investments in property based portfolios, including forestry, is generally a matter of a valuer's opinion, rather than fact.
- When there is no (or limited) recognised or secondary market, for example, but not limited to property, hedge funds, private equity, infrastructure, forestry, swap and other derivative based funds or portfolios it may be difficult for you to obtain reliable information about the value of the investments or deal in the investments.
- Where the investment is via a fund of funds the investment manager typically has to rely on the underlying managers for valuations of the interests in their funds.
- Care should be taken when comparing private equity / infrastructure performance (which is generally a money-weighted performance) with quoted investment performance (which is generally a time-weighted performance). Direct comparisons are not always possible.

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