London CIV Statement of Investment Beliefs

Our Investment Beliefs direct our investment practices in alignment with London CIV's purpose and vision, specifically to collaborate with Client Funds and help them achieve their pooling requirements and deliver value for Londoners through long-term and sustainable investment strategies.

The Beliefs help us define how we create value for Client Funds in the context of future uncertainty, risk and opportunity. They also help us make practical decisions about the suitability of investment strategies, selection and monitoring of investment managers and pooled funds, performance objectives and the integration of best practice in sustainable investment and active ownership.

Recognising how important all stakeholders are in translating beliefs into practice, we have worked together to develop the Investment Beliefs and ensure they are aligned to our cultural values. Working with external investment managers to achieve delivery of these Beliefs is central to our role.

London CIV Statement of Investment Beliefs

1. Long term investors earn better returns net of costs.
2. Careful calibration of risk against objectives, together with robust risk management, leads to better risk-adjusted returns.
3. Responsible Investment improves outcomes, mitigates risks and creates opportunities through:
    a. Good corporate governance
    b. Active stewardship and collective engagement
    c. Effective management of climate change risk
    d. Promoting diversity and inclusion
4. Providing value for money is critical and it is essential to manage fees and costs.
5. Collaboration, clear objectives, robust research and evidence-based decision-making adds value.
6. Targeting opportunities across the public and private asset markets is aligned to the needs of Client Funds.

Detailed Statement of Investment Beliefs

In order to ensure our internal stakeholders apply our Investment Beliefs, we provide detail on how we action them in practice. We work with investment managers to ensure that these Beliefs are translated into action.

Belief	Details	In Practice
1.Long term investors earn better returns net of costs	We believe investing with a long-term perspective helps us to capitalize on market inefficiencies and mitigate the impact of volatility and trading costs to deliver better returns.	We implement strategies that invest in productive assets, contributing to economic growth, employment and improved ESG outcomes. We apply long-term thinking to the decision-making process and expect external managers to do the same. This does not prohibit tactical decision making or products with more regular trading if this provides long-term benefits.
2. Careful calibration of risk against objectives, together with robust risk management, leads to better risk-adjusted returns	We believe that markets can be inefficient, creating opportunities to deliver alpha net of costs. Risk should be commensurate to return expectations and should be considered in absolute, and in the case of actively managed mandates, relative terms. Strong management is essential to ensure that the risk profile of funds remains consistent with objectives and aligned to expectations.	Risk management is integral to all stages of the investment lifecycle. We design funds to help Client Funds capture opportunities in a risk-controlled way. We select investment managers using a consistent process which includes analysis of the manager's skill in assessing and managing financial and non-financial risks. We ensure that funds adhere to agreed guidelines on a daily basis and we conduct formal review meetings every quarter, and more often when concerns are flagged.

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3. Responsible Investment improves outcomes, mitigates risks and creates opportunities	Being a responsible investor is a moral imperative and economic necessity which is part of our fiduciary duty. Responsible investment is about the consideration of all material financial, environmental, social and governance (ESG) factors to support long-term growth.	We integrate responsible investment into every stage of the investment process. We maintain high expectations of companies and fund managers and request defined policies on matters relating to climate-related risks, diversity and inclusion and other ESG factors.
3a. Good corporate governance	We believe that investee companies and asset managers with robust governance structures should be better positioned to handle the effects of shocks and stresses of future events. If issues arise, we adopt a stewardship approach to generate a greater positive impact.	Governance is assessed throughout the investment process. We set out clear criteria in our manager selection and monitoring process. We keep abreast of news and governance issues, and exercise our stewardship rights to ensure good governance is maintained by investee companies and managers. We adopt best practice collective governance with appropriate oversight, prioritisation, delegation and accountability and we expect the same of our investee companies, consultants and asset managers.

3b. Active stewardship and collective engagement	We believe that proactive engagement with investment managers and companies will enable better outcomes and deliver impact where it is needed for our wider stakeholders. We value the opportunity to influence companies and have a positive impact not only on the world around us but on the value of our funds.	Recognising the opportunity to deliver impact and improved outcomes, we consider proactive engagement at every stage of the investment value chain across all environmental, social and governance themes. We use this approach to mitigate systemic risk through widespread stewardship, thought leadership, company engagement and industry participation.
3c. Effective management of climate change risk	We believe financial markets could be materially impacted by climate change through the response of policymakers and increasing physical risks. Responsible investors should proactively manage this risk factor through measurement and management of climate related financial disclosures which are forward looking and robust.	Climate change risk is integrated into the design, selection, and management of investments. We are committed to becoming a net-zero entity by 2040 and a net-zero company across operational and supply chain emissions by 2025. We quantify and disclose the risk of climate change exposure associated with our funds. We mitigate risk through our stewardship activities, using partnerships with like-minded investors. We support adherence to the Paris agreement and recognise the efforts of investees that seek continual improvement and set ambitious targets in a science-based and data driven way.
3d. Promoting diversity and inclusion	There is clear evidence showing that decision-making and performance are improved when company boards and investment teams are composed of diverse individuals. We believe companies and asset managers will improve outcomes by championing diversity in people and skill sets.	We recognise that our opportunity in diversity is strongest when we consider our influence on fund management and the materiality of our funds. Yet we prefer to lead by example and recognise the value of diversity within our organisation as well and the opportunity to strive for continual improvement alongside our fund managers and investees.

4. Providing value for money is critical and it is essential to manage fees and costs.	We believe that we have a duty to manage costs in the interests of our Clients Funds and their beneficiaries. Fees and remuneration should be aligned with the long-term interests of our clients.	We seek to gain leverage from our collective status to reduce fees and other costs. We use the Cost Transparency Initiative ("CTI") templates to ensure we measure and manage full investment costs to the benefit of all our Investors. We are committed to continuous improvement in preparing Assessment of Value reports for Client Funds. The performance of investments and managers should be assessed net of fees and other costs. We are prepared to pay for active management and other services when we believe that the costs incurred are likely to be justified by the benefits.
5. Collaboration, clear objectives, robust research and evidence-based decision-making adds value	Collaboration with Client Funds and other stakeholders is integral to our purpose and vision. We value opportunities presented by industry collaboration and specifically the pooling of assets to manage costs and create efficiencies. Clear objectives, appropriate decision making and robust governance are necessary enablers for superior performance. Appropriate skills and knowledge (built through investing in people and resources) are critical. We believe that an evidence-based approach to selecting strategies and investment managers yields better results with greater consistency.	We work in partnership with Client Funds, other pools and external managers to create cost effective, leading solutions. We make decisions based on rigorous analysis conducted using a collaborative approach. Processes are underpinned by transparent policies and a clear governance framework. We apply a research-based approach to investment: continually learning from peers, academic research and other investment professionals. We promote continual development and invest in the LCIV staff to ensure they are well equipped to make critical decisions.

6. Targeting opportunities across the public and private asset markets is aligned to the needs of Client Funds	Competition to deploy capital at suitable rates of return is intense. We need to be open-minded, proactive and innovative in the pursuit of opportunities which will help Client Funds achieve their objectives.	We aim to identify risk premia across the capital markets, including the illiquidity and complexity associated with private assets. We strive to respond quickly when opportunities arise and capture returns in a risk-controlled and cost-effective way.